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If New Law Proves Unfair

Congress May Reconsider Parts Of Overseas Income Tax Law

By Jane M. Friedman

PARIS, Nov. 28 (IHT) — The U.S. Congress will reconsider selected portions of the new tax law for Americans abroad if it proves to be unduly harsh, a U.S. congressman said here today.

In an interview in Paris, Rep. Al Ullman, D-Ore., chairman of the House Ways and Means Committee, said that Congress would be willing to do this if case studies show that the U.S. position in Europe is hampered by the law.

Nevertheless, Rep. Ullman endorsed the principle that Americans overseas should pay U.S. income tax. He said he felt the new section 911 provisions are fair.

"What we have is a pretty equitable package that treats Americans in Europe fairly," he said. "There is, however, the possibility of amending 911 if the actual impact on people living around the world is harsher than we think."

Rep. Ullman was in Paris to speak at a meeting of the American Tax Institute, a group that provides information to lawyers and businessmen about the U.S. tax code. Afterward, he met with Prime Minister Raymond Barre and other French officials. Today, Rep. Ullman flew to Geneva to speak with U.S. trade negotiators there. He speaks tomorrow to the International Chamber of Commerce in Brussels.

Rep. Al Ullman

In his statements, Rep. Ullman endorsed the position that tax breaks to U.S. citizens residing overseas should be based on the nation's economic interests throughout the world and should be aimed at maintaining the U.S. trade position.

In the tax bill, Congress eliminated the long-standing $20,000 income exclusion for Americans abroad and substituted cost-of-living and other deductions to compensate the overseas citizens for excess costs. The income exclusion was maintained for Americans working in hardship areas in camp-style homes. They are largely in the Middle East and other oil-producing areas.

The law has been highly controversial among Americans residing overseas. Some have charged that it favors high-income employees of major U.S. corporations as opposed to independent and low-wage earners. The law becomes effective for 1979 income.

"I think you can't ignore the basic principle that there are some desirable places to live and some very undesirable places," said Rep. Ullman, over coffee at Taillevent, one of France's three-star restaurants. "People will not move to the undesirable places. Our only reason for keeping the income exclusion is to help our companies to get people to move to the undesirable places to achieve our economic objectives. Paris, France, is not an undesirable place. It's one of the most desirable places in the world."

'Losing Influence'

Rep. Ullman said there had been a "real crisis" in the Middle East and that the United States was "losing influence" there because it was "losing personnel."

While the bill gives a bonus to U.S. citizens working in the Middle East, Rep. Ullman said there was "no way our tax laws should favor people who stay in Paris over those who stay in Waterloo, Iowa." He indicated that the Congress and the president would never accept the idea of no U.S. taxation for Americans abroad.

The United States, the Philippines and South Korea are the only nations known to tax their citizens

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• **In Geneva, where talks on the Multilateral Trade Negotiations are in progress, Rep. Ullman assured U.S. negotiator Robert Strauss that he would introduce legislation in Congress to extend the countervailing duty waiver.** **Page 17.**

Invader Shelling Reported

10,000 Tanzanians Said in Uganda Raid

NAIROBI, Nov. 28 (Reuters) — Tanzania has invaded southern Uganda with up to 10,000 troops, Western diplomatic sources said here today.

The Tanzanians, with artillery units, were engaged in heavy shelling attacks, the sources said. A close aide to President Idi Amin of Uganda said yesterday that a brigade-size Tanzanian force seized the border town of Mutukula and drove about 20 miles into Uganda to the west of Lake Victoria.

Diplomatic sources said that they had no detailed information about the Tanzanians' latest position. But they said that the force was known to be on the 150-mile paved road from the border to the Ugandan capital of Kampala that passes through the market town of Masaka.

Independent Confirmation

The sources said they had independent confirmation of the Ugandan aide's report that the Tanzanians crossed the border yesterday.

The sources said that the Tanzanian objectives were not yet clear. But they appeared to include retaliation for the Ugandan invasion of a 710-square-mile salient of Tanzanian territory on Oct. 30.

In Dar es Salaam, the government newspaper, the Daily News, today carried, without comment, a Ugandan radio report on the Tanzanian invasion. It was the first time in a month of reports of border clashes that the Tanzanian media had carried a Ugandan report without denying it.

The latest report from Uganda, yesterday, said that Tanzanian forces were advancing inside Uganda. It did not say where they had reached.

Uganda has not reported its army in action, but the diplomatic sources here said that both sides seemed to be exchanging shellfire.

Under the headline "Amin now cries," the Daily News today declared that Tanzania had no wish to occupy Ugandan territory. "We consider all Ugandan workers and peasants to be our brothers oppressed by a war-mongering dictatorship that is causing them more difficulties in its military adventurism," it said.

Tanzanian-Ugandan relations have been strained since Marshal Amin overthrew President Milton Obote in a military coup in 1971.

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United Press International

Striking steelworkers in Duisburg register with union yesterday as the first steel walkout in 50 years idled 50,000 in Germany.

First Time in 50 Years

Steelworkers Strike At W. German Plants

By John Vinocur

BONN, Nov. 28 (NYT) — West German steelworkers struck segments of the industry today for the first time in 50 years.

The focus of the walkout was a demand for a 35-hour week that could have wide repercussions throughout West German and European industry.

Coming after four months of unsuccessful negotiations in which employers rejected a union proposal to reduce working hours gradually, the strike was expected to be long, and by the pragmatic standards of West German labor negotiations, unusually hard.

The unions argue that the steel work force will continue to be cut unless the work week is shortened, and management has replied that the extra costs of a 35-hour week would limit the competitiveness of a weakened industry and result in the loss of more jobs.

8 Major Plants

The strike took 37,000 workers out of eight major plants in the Ruhr, and in the cities of Bremen and Osnabrueck, stopping work additionally for 13,000 nonunion clerical and administrative employees.

The steel industry employers association had already announced that as a countermeasure it planned to lock out 28,900 workers Friday from plants owned by Thyssen, Mannesmann, Hoesch, and Fried. Krupp — the key manufacturers affected by the strike.

The 37,000 workers are from plants which furnish steel to the prosperous German automobile industry. In all, there are about 300,000 steelworkers in the country, but IG Metall, the steel and metalworkers union, appeared to reason that a limited strike could avoid a bill for industry-wide strike pay while creating pressure for a settlement by the car manufacturers.

The effects of the walkout are expected to be felt in the auto industry in about two weeks. The union's demand for a reduction of the present 40-hour week to 35 was coupled with a call for a 5-percent salary increase.

Wages vary from region to region, but average industry hourly pay is about $5.75, according to the union. The offer of employers was for a 3-percent raise and up to six weeks of vacation, an increase of from three to nine days, depending on seniority.

The union's position is that the only answer to short-time, a current loss of 1,000 steel industry jobs a month, and a total of 120,000 jobs

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To Restore Stability

Paris to Give Arms, Other Aid to Beirut

PARIS, Nov. 28 (Reuters) — Visiting Lebanese President Elias Sarkis today secured French military and political support to end civil strife and restore stability in his country.

The French will play a major role in the reorganization of the Lebanese Army, supplying arms and training officers and cadets in France, officials said.

Mr. Sarkis told reporters after talks with President Valery Giscard d'Estaing: "France's role will certainly be positive, enabling the Lebanese authorities to undertake the task of Lebanon's national recovery." Lebanese Premier Salim al-Hoss, who accompanied Mr. Sarkis, said: "Military supplies have been arranged. I cannot be very specific," he added.

No Details Given

President Giscard d'Estaing's spokesman, Pierre Hunt, said: "Military cooperation and supplies have been examined, but I cannot give you any details."

Lebanese and French officials said the arms supplies would include light AMX-13 tanks and medium 30-ton AMX-30 tanks, as well as helicopters, anti-tank missiles and three missile-firing patrol boats.

The maintenance of 10 French Mirage-3 fighter-bombers already used by the Lebanese Air Force also came under discussion, they said.

There was no immediate word on whether the question of repairing a giant French-built radar system on Mount Hermon, put out of action by Israeli forces during the 1967 war, was also examined.

'Various Aspects'

President Sarkis said that France, like Lebanon, considered that reconciliation between the Lebanese communities was essential in rebuilding the country. "We examined various aspects and phases of the Lebanese crisis and efforts deployed among Arab states to reach a valid solution," he said.

[The Associated Press reported that the French spokesman said Mr. Giscard d'Estaing expressed the total solidarity of the French people for . . . Lebanon's future during the meeting with Mr. Sarkis.

[But he said the French president had stressed that the reconciliation of all parties in the country could only take place through Mr. Sarkis himself, since he was the only politically legitimate person who could bring it about.

[Today's session was the only scheduled meeting between the two presidents. For the rest of the visit, Mr. Sarkis will receive numerous French officials at his guest residence in Paris and do some sightseeing before flying back to Beirut Friday.

[Lebanese newspapers reported before his departure here Monday that Mr. Sarkis would seek $250 million in French military aid to help rebuild the regular Lebanese Army, the AP said.]

Condemns 'Judaization'

Unesco Votes to Continue Sanctions Against Israel

PARIS, Nov. 28 (UPI) — Unesco members voted today to continue to withhold organizational aid from Israel and accused the Jewish state of continuing to "Judaize" Jerusalem and alter it through archaeological excavations.

The vote followed a bitter debate on the issue at the 20th general conference of the United Nations Educational, Scientific and Cultural Organization.

At the organization's 19th conference at Nairobi two years ago, Arab states had softened their stand and Israel was reinstated as a full member, although the 1974 sanctions cutting off Unesco aid to Israel were continued.

Today's vote was 67-24, with 13 abstensions, in favor of a resolution extending the aid cutoff and appealing to Israel to stop excavations "which are altering the character and status of Jerusalem."

Unesco passed similar resolutions in 1974 and 1976, but included in today's version a condemnation of Israel "for continuing to change and Judaize" Jerusalem.

U.S. Objects

John Reinhardt, the U.S. delegate, said after the vote that he objected to the terms "Judaize" and "condemns the Israeli occupying authorities" as "offensive," asking in vain that they be stricken from the record.

"Both of these features — and this is especially deplorable — represent a very large step backward from Nairobi," Mr. Reinhardt said. "Neither term was included in the 19th-conference resolution and, indeed, efforts by certain countries to inject such language [were] soundly defeated."

Mr. Reinhardt added: "Language such as this is not only a gross exaggeration but most unhelpful to efforts now being made to build peace in the Middle East — peace which is too important and too fragile to be exposed to politically motivated acts."

Israel's chief delegate, Amiel Najar, said a recent Unesco report asserting that the archeological excavations had stopped "is of no interest to the Arab states." He said the charge of Judaization in the resolution was "a blunt expression of cultural imperialism of the Arabs."

Algeria charged that Mr. Najar's speech was "a flood of abuse and defamation" of Unesco members.

The plenary session of Unesco's 146 member states also gave formal approval to several other resolutions that had been passed earlier in committee.

One of them, approved by the general conference yesterday, condemns Israel for what is termed the faulty education of Arabs in occupied territories. Similar resolutions were adopted by Unesco in 1974 and 1976.

Today, the delegates approved a resolution on racism from which an amendment linking Zionism, the move for a Jewish homeland, to racism had been withdrawn by Arab states during committee consideration.

In other votes, the conference approved by acclamation a declaration on the news media from which implications of state control of the media had been removed. The resolution, as approved, calls for the "establishment of a new equilibrium and greater reciprocity in the flow of information."

However, the conference also passed a resolution asking for a declaration to be submitted to the 1980 conference on the status of the artist. New Zealand objected that some delegates had spoken of "social responsibilities of artists towards the state" — language similar to that which Western nations found unacceptable in early drafts of the Unesco news-media resolution.

Nixon, in Paris, Bars Seeking Office Again

PARIS, Nov. 28 (AP) — Former President Richard Nixon told a French television audience tonight that he had no intention to re-enter politics but would continue to speak out on major issues.

Mr. Nixon appeared on the program, "Television Dossiers," broadcast live from the Ritz Hotel, where he answered questions from moderator Armand Jammot and from viewers.

"I have no plans whatever to re-enter political life on the elected side," Mr. Nixon said. However, he added, he would continue to make his opinions known.

Referring to the U.S. political future, Mr. Nixon said:

"The most important question is are we going to be around to enjoy it, and, if so, are we going to be free?"

He said he wanted to speak here because France and Frenchmen are not parochial.

Mr. Nixon added that he felt especially close to France because of his political relationships with French Presidents Charles de Gaulle, Georges Pompidou and Valery Giscard d'Estaing.

Links Ports in Bulgaria, Ukraine

Vital Impact Is Seen in Black Sea Ferry

SOFIA, Nov. 28 (Reuters) — The Soviet Union and Bulgaria have opened a ferry link on the Black Sea that could be strategically significant for their Balkan neighbors.

Using the world's largest ferries, the new line has cut travel time for cargo on the route to between 13 and 17 hours, eliminating delays of up to four weeks that were encountered in sending goods by train across Romania.

The ferries were put into operation on a twice-daily timetable Nov. 14 on a 400-kilometer route between Bulgaria's Black Sea port at Varna and Ilichevsk, near the major port of Odessa in the Soviet Ukraine.

More than 80 percent of the Soviet-Bulgarian goods exchanges already were routed by sea, mainly from Varna to Odessa. The ferries are intended to carry the other 20 percent, which were routed through Romania.

The decision to bypass Romania with a fast, direct sea link seems to have been dictated by political and military factors as well as economic reasons, according to diplomats here.

The four jumbo-size ferryboats between Varna and Ilichevsk could be easily adapted for military purposes, experts say. Each ferryboat has space for 108 railroad freight cars — or for flatcars holding about 150 Soviet T-62 tanks.

While the ferry line was designed to speed commercial traffic, its military potential was quickly noted by Yugoslav defense specialists. Yugoslavia has long feared a Soviet-led invasion, possibly in an attempt to restore Moscow's influence after President Tito dies.

Western authorities no longer rate this a serious practical risk, but the Yugoslav armed forces are geared to meet such a threat. If it ever happened, a Soviet land thrust would most likely come across Hungary or Bulgaria.

Romania, also straddling a key line of communications between the Soviet Union and Yugoslavia, is a reluctant Warsaw Pact ally and has said it will never be involved in an attack against another country. If Soviet tanks were brought to the Bulgarian coast, they would be within 480 kilometers of Yugoslavia, 280 kilometers of Turkey, and 400 kilometers of Greece.

But while the military potential is there, Western experts agree that economic necessity was the main reason for the ferry line.

Close Ties

Bulgaria is closely tied to Moscow in both politics and trade. About one-half of its trade is with the Soviet Union. But apart from East Germany, it is the only Warsaw Pact country without a Soviet border.

For years, the Soviet Union has been hampered in making deliveries to Bulgaria along the only land route available — across 200 kilometers of Romania's Dobrogea region.

Soviet and Bulgarian officials have complained bitterly about delays in moving freight by train across Romania, which they have

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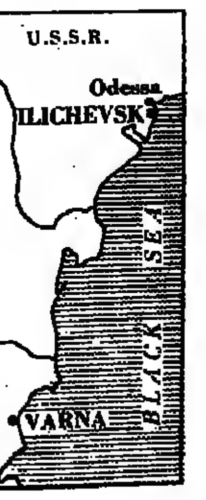

Negotiators in Times Dispute Said Entrenched

2 U.K. Papers Likely to Shut Tomorrow

LONDON, Nov. 28 (Reuters) — Hope was fading today for the Times of London, Britain's oldest daily newspaper, which seemed certain to suspend publication on Thursday because of a labor conflict.

The newspaper said in a front-page report that the unions and the management remained entrenched in sharply opposed positions. The government has ruled out intervention, and there was increasing apprehension along Fleet Street — home of the British press — that the dispute would escalate into the most explosive of many recent newspaper labor problems.

Some militant printers were talking of eventually "shutting down Fleet Street" if management carries through its threat to suspend publication of the Times and the Sunday Times until unions agree to sweeping new conditions of employment.

Management has given the unions until midnight Thursday to accept proposals involving computer typesetting equipment, hefty cuts in production staff and an end to wildcat strikes.

Some of the 4,300 employees have accepted but the most important groups of production men were refusing to meet with management for negotiations until the Times' board lifts its ultimatum, which was issued April 27.

Management's proposals include a commitment from the unions to continuous production and measures to curb the power of shop-floor militants.

Management contends that the Times (circulation 292,652) and the Sunday Times (circulation 1,392,230) have lost 13 million copies this year because of stoppages by production staff.

Neither the management nor the unions were predicting how long the newspapers would stay shut. Permanent closure of the 193-year-old Times is considered unthinkable.

Today, the newspaper published its usual array of letters. Topics ranged from "preservation of cathedral cities" to "hormone treatment in prisons." One letter began: "In case the Thunderer [the Times' nickname] is silenced on November 30 may I protest on behalf of your readers at this tragic possibility."

Government Purchases Curbed

Ford Penalized by Britain For Pay-Increase Breach

LONDON, Nov. 28 (UPI) — The Labor government told the Ford Motor Co. of Britain today it will buy no more Ford vehicles as a penalty for the company's breach of the 5-percent anti-inflation ceiling on pay increases.

It informed the company of the move at a 20-minute meeting between the company chairman and managing director, Sir Terence Beckett, and three government ministers.

The company last week ended a nine-week shutdown by signing an agreement giving its 57,000 workers a 17-percent pay increase — more than three times the limit set by the government.

The Treasury said after the meeting: "The Ford settlement cannot be reconciled with the government's pay guidelines and the government has reluctantly reached the conclusion that discretionary action should be taken against the firm, which has been informed."

Formal Letter

The government said a formal letter had been sent to the company informing it of the decision to impose sanctions.

Government officials said the "discretionary powers" included refusing to allow price increases, the cancellation of contracts to buy Ford vehicles and the withholding of state aid for future development and investment.

[Last year, Ford supplied 25,000 vehicles worth £100 million ($200 million) to the whole of the public sector. It was thought likely, however, that the government ban would account for only a small percentage of Ford's total public-sector sales. The government is also expected to discourage nationalized industries and local authorities from buying Ford products, but it has no power to enforce this and there is no prospect of legislation being put through Parliament to give it this power.]

Engine Compensation in U.S.

DETROIT, Nov. 28 (UPI) — Ford Motor Co. has agreed to notify U.S. owners of 1.8 million cars of a compensation and repair program for premature wear of certain engine parts.

The program covers premature camshaft and rocker-arm wear in cars and some small trucks equipped with 2.3-liter engines.

Ford said the problem resulted from the use of oils with "insufficient wear protection" and was not a design defect.

Republican Wins Virginia Election

WILLIAMSBURG, Va., Nov. 28 (UPI) — Republican John Warner, the husband of actress Elizabeth Taylor, was named the winner over Democrat Andrew Miller in Virginia's U.S. Senate election.

State elections officials yesterday delivered a letter of certification to Williamsburg, where Mr. Warner was attending the winter conference of the Republican Governors Association, attesting that he had won by 50.1 percent of the votes to Mr. Miller's 49.7 percent.

In Documentary on 1948 Mideast War

U.S. Film Allegedly Misidentified Jews

By William Claiborne

JERUSALEM, Nov. 28 (WP) — A recent controversial ABC-Television documentary purportedly showing Arab homes being burned and looted during the 1948 war actually depicted the opposite, according to some Israeli researchers.

Israeli sources said last night that what was passed off as Palestinian suffering during the 10 weeks of fighting for the Old City in April and May, 1948, actually was newsreel film of Jews suffering at the hands of the Arab Legion and Palestinian irregulars.

A film segment of ABC-TV's documentary, depicting 30 years of misery of hundreds of thousands of Palestinian refugees, was accompanied by a narration identifying the victims as Arabs of Jerusalem.

The film is said to have shown flames engulfing homes, soldiers looting and occupants fleeing while the narration identified the victims as Arabs and the attackers as Jews.

"Through fear and panic, a massive refugee problem was created. These frightened and suddenly homeless people became the Palestinian problem of today. They went to refugee camps in the Gaza Strip, Jericho and Nablus, on the West Bank of the Jordan River. . . In Amman and Beirut the Palestinians began their exile," the narrative said.

The documentary, notwithstanding the accuracy of the newsreel, resulted in a spate of criticism by Israelis, who charged that it was distorted and reflected a Palestinian bias.

Israeli Prime Minister Menachem Begin is said to have refused to conduct an interview with ABC-TV's Barbara Walters during his visit to New York earlier this month because of his pique over the documentary.

Israeli sources said Mr. Begin did not know it, but the newsreel film was taken on May 28, 1948, by a 20th Century-Fox Movietone crew that was filming from the Arab quarter of the Old City into the besieged Jewish quarter.

On that day, the last of the Jewish defenders of the Old City surrendered, ending almost 2,000 years of Jewish residence alongside the Western (Wailing) Wall of King Solomon's temple. Arab Legion troops and irregulars moved in and the Jewish quarter soon was in flames.

An Israeli living in New York, whom officials here would not identify, recognized the film and began searching archives to identify it.

"Somebody sold this to ABC under false pretenses. They took the film and put it on, apparently without checking," said an Israeli source. He said the same footage had once been used in an Israeli-produced film depicting the suffering of Jews during the 1948 war.

Cairo Aide to Deliver Message To Carter on Compromise Plan

CAIRO, Nov. 28 (UPI) — Premier Mustafa Khalil travels to Washington tomorrow with Egypt's latest ideas on how the deadlock in peace treaty negotiations with Israel might be broken.

He will convey to President Carter Egypt's reaction to a compromise U.S. proposal on the "linkage" issue which Egyptian officials said "could serve as a basis for negotiations."

The trip — the second by a high government official to Washington in two weeks — appeared to be part of a larger diplomatic offensive aimed at getting support for the Egyptian position.

Khalil Tour

Officials said that after a meeting with Mr. Carter Friday Mr. Khalil will visit Britain, France, West Germany, Romania, Austria and Yugoslavia.

Mr. Khalil will give Mr. Carter a letter from President Anwar Sadat assessing the situation in the deadlocked negotiations and suggesting ways of overcoming the difficulties.

The principal difficulty in the talks, which began Oct. 12, was the Egyptian demand for a timetable spelling out the steps of establishing Arab autonomy in the West Bank and Gaza Strip.

Egypt wanted the transition to self-rule synchronized with a partial Israeli withdrawal from the Sinai, both to be completed in nine months.

When this was rejected by Israel, Egyptian officials said the U.S. compromise, calling for autonomy by December of next year, could "serve as a basis for negotiations."

The authoritative Al Ahram newspaper said that Mr. Sadat's letter to Mr. Carter reflected the Egyptian position that the U.S. "proposal could serve as a basis for negotiations with the aim of realizing linkage and a commitment to the establishment of full autonomy."

Another dispute centers on Egypt's commitments under a 1950 joint Arab defense pact that obligates it to assist other Arab states militarily if they are attacked.

Israel argues that a clause in the draft treaty makes such commitments null and void, but Egypt rejects the Israeli interpretation.

Hints dropped by officials and state-controlled newspapers suggested that Egypt might seek an amendment or the rephrasing of this section.

Moreover, the two former Middle East antagonists appeared divided on the very principle of whether the negotiations, which bogged down more than two weeks ago, should be continued.

Egypt is urging a resumption of the talks. "We insist on [additional] negotiations," Mr. Khalil said recently.

The newspaper Al Gomhouria said the talks should be resumed "on the basis of placing the Egyptian remarks on the negotiating table."

But Israel, which approved the text of a treaty that makes only a vague reference to linkage, considers further negotiations unnecessary now.

Steel Strike In Germany

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eliminated since the mid-1960s, is to shorten the work week.

Eugen Loderer, the union president, who was greeted with shouts of "Hang tough, Eugen!" when he visited Hoesch's plant in Dortmund before dawn, has said that the outlook in the industry is such that the work week would have to be cut to 16 hours by 1985 in order to maintain the current work force.

"If you don't change the work hours," he said, "then you'll have to cut the work force in half by 1985." The employers point out that the union itself recognizes the weakened condition of the steel industry, which was operating before the strike at about 65 percent of capacity.

Orders Are Down

Many companies are running at a loss, orders for rolled steel were off by 12 percent last month, and imported steel accounted for 40 percent of sales in the country during the summer.

Cutting the work week, in the minds of German employers, would likely mean hiring new men, and new employees tend to cost twice as much as their salaries because of the high social and fringe benefits that they are paid.

"In the end, cutting the work week will sharply weaken our competitiveness and will eliminate rather than save jobs," said Franz Josef Weisweiler, chairman of the management group. The hard character of its position seemed to go beyond the steel industry, taking on the aspect of a battle against what seems to be regarded as a union attempt to set up a bridgehead for a general attack on the 40-hour week in the country.

The strike was also being closely watched throughout Europe. Similar negotiations on a 40-hour week are going ahead within the Dutch steel industry and Swiss newspapers commented that the strike had a special significance for the Swiss steel industry.

Attitudes toward cutting the work week have varied widely. Steelworkers in Belgium began a 39-hour week this month that will be reduced to 38 hours in July and to 35 by 1980. In Sweden, however, the metalworkers do not consider cutting the 40-hour steel industry week as feasible, except in special job categories.

Dutch Talks Fail On Wages Pact

THE HAGUE, Nov. 28 (Reuters) — Talks between the government, unions and employers on a central wage agreement for next year failed last night, when the unions rejected government proposals to curb Social Security payments.

Social Affairs Minister Willem Albeda said that he was disappointed that the proposals were not accepted by the unions because they were fully adequate and provided the possibility of a good social-economic policy.

Wage bargaining will now take place at the industry and company level, as in previous years when central talks had also broken down.

Carlos of Spain Stresses Rights To Argentinians

BUENOS AIRES, Nov. 28 (AP) — King Juan Carlos of Spain told leaders of Argentina's military regime yesterday that "political order and social peace can have no other foundations than the dignity of the person, the inviolable rights of man and respect for the law."

The monarch, speaking at a state dinner in his honor, did not criticize his hosts, but emphasized that his government believes terrorism and social upheaval can be dealt with "by peaceful means, that these problems can be tackled and resolved politically."

President Jorge Videla, responding to his guest's remarks, said the military took power in March, 1976, supported by the Argentine people, "to recover the national dignity and human rights that were affronted by terrorist aggression." He said the regime would eventually restore democratic rule.

Meanwhile, Foreign Ministers Carlos Pastor of Argentina and Marcelino Oreja of Spain worked out details of economic accords expected during the visit as Juan Carlos went about Buenos Aires, greeted by thousands shouting "Long Live the king!"

Congress May Reconsider Its Overseas Tax Measure

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residing outside national boundaries.

Rep. Ullman said the deductions in the new law are designed to provide "equity" for Americans living in Europe.

The cost-of-living deduction will be based on New York prices. It will only apply to the first $33,000 of income.

In private conversations, Rep. Ullman indicated that the cost-of-living deduction could be redrawn if it proved unfair to individuals in high-income brackets.

Value-Added Tax

While U.S. citizens in Europe pay value-added tax on products they buy, this tax will not be credited against U.S. income tax. Rep. Ullman said he doubted this could ever change. He indicated, however, that personal income tax rates in the United States could eventually drop if a value-added tax was instituted there. He said he was "completely committed" to that. If U.S. income tax rates came down, so would the tax bill of Americans overseas.

Rep. Ullman said he did not know the impact the new tax bill would have. He said he welcomed concrete examples once the law went into effect. He indicated he could be persuaded to modify it if substantial numbers of Americans had to leave Europe. "We want to keep a viable American presence around the world," he said.

The situation of Americans residing overseas has been confused ever since Congress enacted the 1976 reform. That law reduced the income exclusion to $15,000 and taxed remaining income at higher rates. The law never went into effect. The current bill was passed two years later.

While Rep. Ullman acknowleged there had been communications problems between Americans abroad and Congress, he discounted the idea of special congressional representation for overseas Americans.

"You are not the forgotten Americans," he said to members of the Tax Institute at a Japanese hotel on the Seine. "We want to give you the representation and the equity you deserve. This is a participatory government."

Language Law Is Rebuffed by Quebec Court

MONTREAL, Nov. 27 (UPI) — The Quebec government said yesterday that it would seek support for its language law in the Supreme Court of Canada, following a unanimous ruling by the Quebec Court of Appeals that a key part of Bill 101 is unconstitutional.

Earlier yesterday, the Quebec court, sitting with seven justices instead of the normal three, unanimously upheld a lower court ruling that Chapter 3 of the legislation contravened the terms of the British North American Act, Canada's constitution.

The disputed chapter stipulates that French is the only official language of the Quebec courts and legislature.

The bench agreed with the ruling of Quebec Superior Court Chief Justice Jules Deschenes that the chapter violates the section of the British North American Act that guarantees the use of both English and French in the courts and legislature of Quebec and the federal government.

Ian Smith Wants Date and Place To See Rebels

SALISBURY, Rhodesia, Nov. 28 (AP) — Prime Minister Ian Smith said today he will greet U.S. and British envoys here next week with just one request — to name the date and venue for peace talks with black guerrilla leaders.

After a meeting at his office with his black colleagues in the transition administration, Mr. Smith spoke to reporters as U.S. and British envoys Stephen Low and Cledwyn Hughes were to arrive in Tanzania on the first leg of a swing through Africa. He said:

"When they come, we will say, 'We are ready for an all-party conference, give us the venue and the date.' What else is there to discuss?"

Mr. Smith also maintained that the Western powers have promised that the conference will go ahead even if Robert Mugabe and Joshua Nkomo, co-leaders of the Patriotic Front guerrilla alliance, refuse to come. Mr. Nkomo said this week that an all-party conference was a "nonstarter."

Mr. Smith said: "The British and American governments have told us that if any of the parties refuse to attend this conference, then they will go on without them. That is a very important point. Are they going to have the determination, strength and courage to do that?"

Democrat Declared S. Dakota Winner

PIERRE, S.D., Nov. 28 (AP) — Tom Daschle, a Democrat, won election to the U.S. House of Representatives by 14 votes, the South Dakota Canvassing Board announced yesterday.

The board said Mr. Daschle had received 64,661 votes to 64,647 for Leo Thorsness. Mr. Daschle was one of the few Democrats to survive the Republican landslide in the state on Nov. 7.

Dayan to Visit Switzerland

TEL AVIV, Nov. 28 (UPI) — Foreign Minister Moshe Dayan will visit Switzerland for two days next week, the Foreign Ministry said today.

United Press International

PROTEST RESTRAINED — A policeman holds back an Iranian student Monday outside the Mormon Tabernacle in Salt Lake City during a speech by President Carter. About 200 Iranians were protesting U.S. support for the shah. A scuffle broke out and five persons were arrested.

A Result of Intelligence Review

U.S. Has Contacts With Iran Opposition

By Don Oberdorfer

WASHINGTON, Nov. 28 (WP) — The United States in recent weeks has initiated substantial and continuing contacts with the opposition to the Shah of Iran and has informed the shah that it was doing so, according to administration officials.

The contacts, coming after years of minimal connections to the internal forces opposing the Iranian leader, are among the early results of growing displeasure in the White House with U.S. Embassy and intelligence reporting on political developments in that strife-torn country.

President Carter, in a handwritten memorandum dated Nov. 11 and leaked to two newspapers late last week, expressed dissatisfaction with the quality of "political intelligence," with particular reference to Iran, and ordered a top-level review of the subject.

White House Press Secretary Jody Powell, speaking to reporters in St. Louis yesterday, confirmed the substance of the memo, but insisted that it "wasn't a chewing out" of Central Intelligence Director Stansfield Turner.

Report Is Due

Informed officials said a report from Mr. Turner, Secretary of State Cyrus Vance and National Security Adviser Zbigniew Brzezinski is due shortly at the White House to analyze the intellience failures on Iran and make recommendations for remedying the underlying defects.

The administration is expected to move with great caution in contacts with opposition groups and other changes in its reporting efforts in Iran, in view of the tense conditions there. The next two weeks, culminating in the high point of a Moslem holy period on Dec. 11, is considered a particularly difficult period.

Any shifts in policy or operations that would be seen in Tehran as undercutting the shah would go against the strong thrust of U.S. objectives there.

But at the same time, failure to remedy the intelligence deficiences would leave the United States flying blind in a still-developing situation of great international importance, according to concerned officials.

However, the sudden public warning by Soviet party leader Leonid Brezhnev on Nov. 19 against U.S. interference in Iran is seen by some U.S. observers as potentially the beginning of a new phase.

Soviet press organs had been unusually restrained during the build-up of Iranian unrest, but since Mr. Brezhnev's statement, Radio Moscow has attacked "imperialist meddling" in Iran, endorsed the struggle to oust Western military and nonmilitary advisers and portrayed the Soviet Union as the protector of the Iranian masses against foreign interference.

One Assessment

A draft CIA assessment of mid-August, which was circulated among several government agencies before being rejected by top CIA officials, reported that "Iran is not in a revolutionary or even pre-revolutionary situation."

Several weeks later, well-coordinated demonstrations involving more than 1 million people in Tehran alone disproved the optimistic estimate — but U.S. intelligence reportedly had little information on how the demonstrations were planned, organized or funded, or who was behind them.

One of the most worrysome gaps, according to official sources, is the scarcity of information about the current activities of the Soviet Union, which shares a 1,200-mile border with Iran and has twice occupied parts of northern Iran since World War II.

Close Relations

The Russians have informed the shah and the United States that they had no part in the unrest, and there is said to be little hard evidence to the contrary.

There is a consensus among U.S. experts on Iran that the extremely close U.S. relations with the shah and the CIA's partnership with his secret police agency, Savak, impeded the development of independent sources of reporting on Iranian internal matters.

Some sources said there was an agreement with the shah, either explicit or tacit, that the United States would have nothing to do with his opponents.

Given the extensive Savak apparatus, it was considered almost impossible to have any level of contact with opposition forces in Iran without the shah's knowledge.

Carter Warns U.S. Urban Leaders They Face Cuts in Federal Funds

ST. LOUIS, Nov. 28 (AP) — President Carter, declaring that "no aspect of government will be sacred," warned urban leaders in the United States yesterday that the next federal budget will be "very, very tight" and that they will have to exercise restraint to help fight inflation.

"All of you have been through the budget cycle yourself, and you know what it is to face unlimited demands with limited resources," he told the board of directors of the National League of Cities.

In an earlier speech before the league's annual convention, Mr. Carter pledged "to do this without starving useful programs." He said repeatedly that military spending would be scrutinized as carefully as domestic programs, but he did not say military spending would be cut.

Mr. Carter is committed to cutting his 1980 federal budget by between $15 billion and $20 billion to achieve a deficit of no more than $30 billion.

The president left little doubt that urban programs will be reduced. At a 15-minute briefing for leaders of the municipal lobbying group, he said, "The 1980 budget will be very, very tight."

Following his appearance before the mayors, Mr. Carter flew to Salt Lake City, where he accepted a "family unity award" from the Mormon Church. In a speech in the Mormon Tabernacle, he praised the church and criticized "our modern, mobile, permissive society."

Five Iranian students were arrested in scuffles outside where the president was speaking. They were among 200 Iranians protesting U.S. support of the shah of Iran.

Hussein Back From Iran

AMMAN, Jordan, Nov. 28 (UPI) — King Hussein returned today after a three-day visit to Iran for talks with the shah.

No Hint of Successor

Moscow Promotes Brezhnev Allies

By Craig R. Whitney

MOSCOW, Nov. 28 (NYT) — The Soviet leadership yesterday promoted several allies of President Leonid Brezhnev to the inner circle, but the shifts gave no hint of who his successor might be.

The party's Central Committee met and elevated Konstantin Chernenko, a 67-year-old protege of Mr. Brezhnev, 71, to full membership in the ruling Politburo. Mr. Chernenko, who is one of the national party secretaries under Mr. Brezhnev, the party general secretary, had been an alternate, or nonvoting, member since October of last year.

A first deputy premier, Kirill Mazurov, 63, reportedly ailing, was dropped from the Politburo "for reasons of health and at his request."

Instead, another first deputy premier, Nikolai Tikhonov, 72, was made an alternate member of the Politburo. So was the party leader of Georgia, Eduard Shevardnadze, who has presided over that nationalistic republic since September, 1972.

The shifts had been expected since the death in July of Fyodor Kulakov, a Politburo member who at the age of 60 had been viewed as a possible successor to Mr. Brezhnev. Mr. Kulakov was responsible for agriculture, which, Mr. Brezhnev noted yesterday, remains a checkered sector of the economy.

Mikhail Gorbachev, the 57-year-old party leader of Stavropol province, an important farming area in north Caucasia, was made one of the national party secretaries, possibly in charge of agriculture.

The changes in the inner leadership leave the Politburo, the party's highest ranking institution, with 13 full members and 9 alternates, all but one in their 60s and 70s. In addition the inner circle includes six national secretaries who are not Politburo members.

Those promoted owe their careers to Mr. Brezhnev, who over the years has solidified his power base in the collective leadership by appointing men loyal to him.

None of those elevated is young enough or well enough known to be considered an obvious candidate to succeed Mr. Brezhnev if he stepped down.

Mr. Chernenko has been closely associated with Mr. Brezhnev since the early 1950s, when he served as the propaganda chief in the Moldavia, where Mr. Brezhnev was then party chief. After 1956, Mr. Brezhnev became a national party secretary under Nikita Khrushchev and made Mr. Chernenko head of his personal staff.

AP

Konstantin Chernenko

Strategic Impact Is Seen In Black Sea Ferry Link

(Continued from Page 1)

blamed on Romanian bureaucracy and antiquated handling methods.

In some cases, Soviet diplomats have hinted at official interference. Romanian laws barring passage of foreign troops have made it nearly impossible for the Soviet Union to send troops to Bulgaria for joint maneuvers, except by sea.

One of the problems is a difference in gauge between Soviet railway lines and those elsewhere in Europe. The wheel assemblies of the wide-gauge Soviet railroad cars have to be narrowed by 85 millimeters before they can run on Romanian, Bulgarian or other European tracks.

Adjustments Slow

The slow methods used in adjusting the wheel assemblies at the Soviet-Romanian border contributed heavily to delays, and Romania refused Soviet demands for a wide-gauge line across Dobrogea.

While the same problem is faced when the 70-ton railroad cars are unloaded from the ferryboats at Ilichevsk and Varna, Bulgarian officials say they are using much faster techniques.

Varna port authorities claim they can now lift 12 cars at a time, compared to only 3 under old methods, and they say a ferryboat with 13,000 tons of cargo can be unloaded and made ready for marshaling yards in seven hours. From Varna, 54 railway lines transport cargo throughout Bulgaria.

Officials say that at the outset, 4.5 million tons of cargo will be carried annually by the ferryboats.

Processions Ban Imposed by Iran For Holy Month

TEHRAN, Nov. 28 (AP) — Iran today banned religious processions during the Moslem holy month of mourning, Moharram, that begins Dec. 2, in an attempt to head off further violent protests against the rule of Shah Mohammed Reza Pahlavi.

The military-led government said that the ban is intended to prevent the exploitation of religious groups by those who have caused incidents at religious ceremonies in the past.

The move was likely to intensify opposition to the government, especially among the mullahs, or Moslem priests, who have led much of the campaign against the 59-year-old shah since the bloody protests erupted 11 months ago.

Religious passions among Iran's 32 million Shiite Moslems run high during Moharram. The emotional peak of the month is expected to be Dec. 10 and Dec. 11, when the faithful whip themselves in mourning for the martyred Imam Husein, grandson of the prophet Mohammed.

Contraceptives Sold in Dublin To Test a Ban

DUBLIN, Nov. 28 (UPI) — A shop in central Dublin started selling contraceptives across the counter today to test the law prohibiting such sales.

The shop was set up by the Contraceptive Action Program, which is leading a campaign to force the government to repeal the ban in the strongly Catholic republic.

The importation and sale of contraceptive devices is a criminal offense in Ireland.

A recent Supreme Court ruling, however, declared that prohibition of the importation of contraceptives for private use is unconstitutional.

2 Quakes Shake Japan

TOKYO, Nov. 28 (UPI) — Two weak earthquakes shook Japan's central Pacific coast today, but there were no reports of casualties or damage, the Meteorological Agency reported.

To 30,000

U.S. Plans to Doubl[e] Its Refugee Quota

WASHINGTON, Nov. 28 (NYT) — The Carter administration has decided to seek congressional support for allowing 15,000 more Vietnamese boat refugees into this country by May, doubling the quota previously set.

As a result of the dramatic rise in the number of the "boat people" fleeing Vietnam and seeking haven in Malaysia and elsewhere, the administration has tried to take the lead in finding permanent homes for the refugees, most whom are ethnic Chinese.

Earlier in the year, when 1,500 to 1,700 refugees were fleeing monthly by boat, the United States set a quota of 12,500 such boat people to be allowed entry through next April 30. Another 12,500 Laotians and Cambodians, who had fled overland into Thailand, were also to be admitted.

But the number of boat people has jumped to 20,000 a month, the most dramatic manifestation being the plight of the freighter Hai Hong, with 2,500 Vietnamese nationals aboard, mostly ethnic Chinese.

Until last week the boat was denied haven anywhere. The attention paid the Hai Hong, last refused admittance by Malaysia, generated a major policy review by the Carter administration.

As a result, Attorney General Griffin Bell announced that he would use his emergency authority to allow into the United States 2,500 Vietnamese boat people now in camps in Malaysia — exactly the number on the Hai Hong. This was to encourage the Malaysians, with nearly 40,000 refugees already in crowded camps, to permit the Hai Hong to dock. Other countries followed suit with offers and Malaysians relented.

That brought the total of ... people to be admitted by April to 15,000. Officials said yeste... that Mr. Bell would meet with ... members of the House Judic... Committee, which handles im... gration matters, to consult on ... need to allow the additional 15... boat people into the United St... — making a total of 30,000 ... people by April 30.

In addition, the administra... wants to admit 4,575 more Cam... dians now in Thailand camps ... about 3,000 political prisoners fr... Cuba.

The Carter administration ... tends to submit legislation ... year allowing more refugees to ... ter the United States on a reg... basis.

Malaysia Asks Carter Aid

BANGKOK, Nov. 28 (NYT) — The Malaysian government is ... dressing an urgent appeal to Pr... dent Carter to inspire a major in... national effort to provide asyl... for the growing flow of refu... from Vietnam.

"Mr. Carter, please take the le... among nations of the free world," the home affairs minister, Ghaz... Shafie, planned to say in a spe... today. "Do something quickly," the text continues. Mr. Ghazali ... the Cabinet member in charge ... the refugee problem.

Malaysia is the principal desti... tion of those who set out across ... South China Sea from Vietnam ... fishing boats. Refugees are arri... in Malaysian camps at the rate ... about 1,000 a day.

In a speech prepared for deliv... to senior Southeast Asian milit... officers and officials in Ku... Lumpur, Mr. Ghazali wrote:

"Countries who contribut... toward the creation of this probl... just cannot turn their heads ... wish it away. They are not fulfilli... their obligations in the context ... human rights simply by offeri... money to the United Nations hi... commissioner for refugees and d... tating at a distance what Malay... should or should not do. Co... science money is not the answer."

Mr. Ghazali wrote that the Uni... ed States held the key to the pro... lem. As long as the Vietnamese b... lieve the United States will even... ally accept them, the flow ... Malaysia, which in many cases ... abetted by Vietnamese authoriti... will continue, he said.

He added:

"And so, I think, the time ... come when Mr. Carter has to ... provoked into making a defin... stand in the spirit of human rig... with regard to these miserable p... ple. If the United States ... sincerely prepared to receive th... people, then no limit or criteri... their entry into the United St... should be placed."

2d Group to Canada

KUALA LUMPUR, Malay... Nov. 28 (Reuters) — A sec... group of Vietnamese refugees ... 161 of them — from the freigh... Hai Hong left Malaysia today ... new homes in Canada.

Italian Priest Guilty Of Arson, Homicides

BELLUNO, Italy, Nov. 28 (UPI) — A priest accused of arson and multiple homicide was convicted yesterday and sentenced to four years in prison for his part in a 1976 hotel fire that cost the lives of six persons and badly injured nine.

Don Giuseppe Giacomoni, 55, was held responsible for an April 12, 1976 blaze that ravaged the Dolomite residence in the town of Sappada, near Belluno. The priest managed the residence on a part-time basis.

Tanzanians Raid Uganda

(Continued from Page 1)

Mr. Obote went into exile in Tanzania.

In 1972, armed Ugandan exil... invaded southern Uganda fro... Tanzania but they were crush... rapidly by the Ugandan Arm... Uganda has repeatedly report... border clashes and invasion threa... from Tanzania, but this week ... Tanzanian invasion of Uganda ... the first confirmed by independe... sources.

Tanzania Denies Invasion

DAR ES SALAAM, Tanzani... Nov. 28 (AP) — Tanzania today l... beled as a new lie a Ugandan clai... that thousands of Tanzanian troo... have penetrated Uganda.

A statement issued from Tanz... nian President Julius Nyerere's of... ice called the Ugandan claim ... smokescreen intended to co... Ugandan preparations for a ne... invasion of Tanzania.

The statement said, "Tanzan... harbors no claim on an inch ... Ugandan territory. She has n... done so in the past nor does s... intend to do so in the future."

Amin Appeals to World Leaders

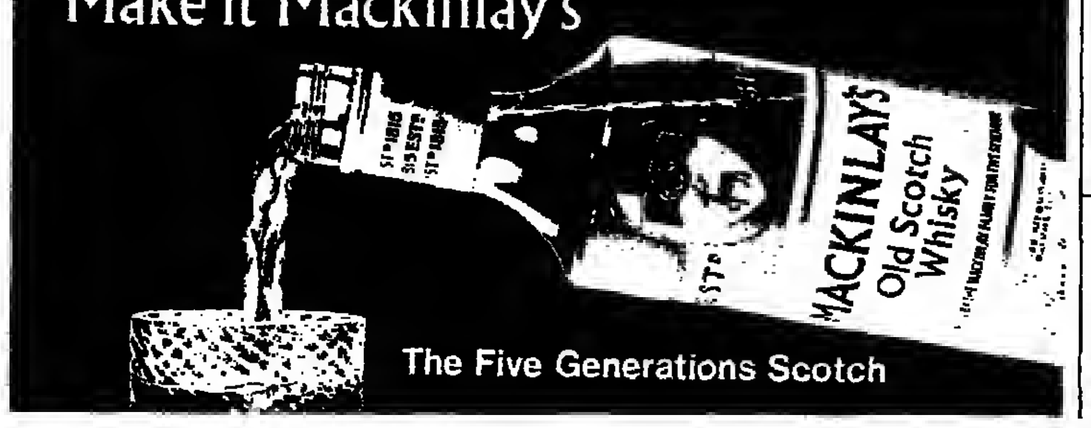
NAIROBI, Nov. 28 (AP) — Marshal Amin today appealed ... United Nations Secretary-Gene... Kurt Waldheim and other wo... leaders for help in ending the es... calating border conflict with Ta... zania, Radio Uganda reported.

The appeal, in a message, als... was made to the leaders of the Or... ganization of African Unity and of ... the Arab League.

Pentagon to Tighten Security on Launches

COCOA, Fla., Nov. 28 (AP) — The Defense Department has de... cided to enforce a 1968 directive or... dering that all military launchings ... be kept secret until after liftoff, a ... Florida newspaper said today.

Vandenberg Air Force Base in ... California has followed the policy, but officials at Cape Canaveral ... have publicized most military ... launches several days in advance.



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Suspect In Mayor's Killing 'Idealistic'

By W.B. Rood

SAN FRANCISCO, Nov. 28 — The former San Francisco supervisor who being held in connection with the fatal shooting yesterday of Mayor George Moscone and Supervisor Harvey Milk was portrayed by friends and associates as an idealistic and uncompromising young conservative who "thought he could change things."

Dan White, 32, who quit his city post recently and then was refused reinstatement, was seen as a staunch supporter of law-and-order causes and a friend to both the city police and fire departments, on which he served until he was elected supervisor a little more than a year ago.

"He was very nice, very conservative, considerate and conscientious — very idealistic," said a friend who has known Mr. White since childhood.

"He thought he could change things as a supervisor. He was particularly concerned about dishonesty in city government."

But some also saw a stern, hot-tempered side to the Vietnam veteran.

Black and White

"He was not a very compromising person. He tended to see things in black and white," said a friend.

Mr. White surrendered to police less than an hour after the shootings at San Francisco City Hall. Mr. White had an appointment with the mayor, who was later found dead in his office. The killer then went to the supervisors' offices, where Mr. Milk, 48, was slain.

Mr. White won his supervisorial election last year in a door-to-door campaign that emphasized the importance of tough stands against violent crime.

"The people in my district didn't work their whole lives just to be prisoners in their own homes," he said during the campaign. "We've got to stand up to the criminal element in this city."

Mr. White was scheduled to receive a commendation for heroism this week for saving a woman and child from a blazing building in August, 1974.

Not the Type

Fire Chief Andrew Casper said yesterday that Mr. White "would never appear to play the role of someone who would assassinate a major figure — more the other way, someone who would protect. He was a paratrooper, a former police officer and a firefighter."

Growing up in San Francisco, Mr. White had an all-American image — captain of both his high school football and baseball teams and later a Golden Gloves fighter. In Vietnam, friends said, Mr. White was a combat paratrooper.

"He wrote me a lot while he was over there," a family friend said. "He said the war was stupid. Fight for a hill one day and then come back and take it again two days later — the kind of thing you heard from a lot of guys who were there."

Did the war change him much?

"Not that I could see," the friend said.

Mr. White surprised friends when he decided to get married a little more than two years ago.

"He was always a very independent person, and his family used to say, 'Ah, he'll never get married'," said the friend. "Then he met Mary Ann [his wife] and she changed all that."

Mr. White's friends describe him as a man who is quick to take on a challenge, a trait they say could have made his losing battle to be reinstated to the Board of Supervisors an unbearable defeat.

He resigned from the board Nov. 10, announcing that he couldn't support his wife and 4-month-old child on the $9,600 a year the job paid. About a week later, he changed his mind and requested that his resignation be withdrawn.

At first, Mayor Moscone, 49, indicated that he would reappoint Mr. White to the job. Then he reversed his decision. The mayor had called a press conference yesterday to announce he was naming Dan Horanzy, a real estate loan officer, to the job.

Friends say Mr. White thought the mayor had caved in to political pressures.

© Los Angeles Times

© San Francisco Chronicle via AP

Former San Francisco Supervisor Dan White, left, after surrendering in connection with the slayings of Mayor George Moscone and Supervisor Harvey Milk on Monday in City Hall.

U.S. Police Recover 3 Monet Paintings

SANTA BARBARA, Calif., Nov. 28 (UPI) — Three paintings by Claude Monet stolen last weekend from the Santa Barbara Museum of Art were recovered yesterday, the police said.

The impressionist paintings, valued at $1 million, were the three most valuable in the museum's collection. Police said the paintings were returned to a museum employee, and two suspects were in custody.

When 'Probable Cause' Criterion Not Met

U.S. High Court to Rule on Questioning of Suspects

WASHINGTON, Nov. 28 (NYT) — The Supreme Court yesterday accepted an appeal of a New York murder conviction and agreed to decide whether the police can constitutionally hold a suspect for questioning when they do not have enough information to sustain a valid arrest.

The issue is a significant open question in criminal law, and is one that the court has specifically declined to rule on in earlier cases.

The case, Dunaway vs. New York, involves a young Rochester man, Irving Dunaway, who was picked up for questioning after a police informant linked him to a robbery and fatal shooting that took place several months before.

At the police station, he made incriminating statements and drew sketches of the murder scene. At his trial, he asked that this evidence be suppressed on the ground that the interrogation had actually been an illegal arrest.

But the trial judge and the New York appellate courts ruled that under New York law a suspect could be held for questioning on a "reasonable suspicion" of involvement in a crime, even if the suspicion did not rise to the level of "probable cause" needed to make a legal arrest. The detective in the case conceded that he did not have probable cause for an arrest when the young man was brought in.

Dunaway's appeal reached the Supreme Court once before, in 1975, when the justices sent his case back for reconsideration. That time, the lower court ruled that the arrest had been illegal, but the New York Court of Appeals reaffirmed the conviction.

Other Supreme Court action yesterday included:

In a case involving a claim of unconstitutional police conduct in West Haven, Conn., the court vacated a U.S. appeals court decision that municipalities could be sued directly under the 14th Amendment for unconstitutional actions of their employees.

The justices told the 2d U.S. Circuit Court of Appeals to reconsider its decision in the light of a subsequent Supreme Court decision that cities can be sued under the Civil Rights Act of 1871. The apparent effect of yesterday's action is to cut off, at least for now, an expanding area of constitutional law. The justices seem to be saying that if a specific law grants a remedy, there is no need for a court to create a new constitutional right.

The court let stand a decision by the Appellate Division of the New York State Supreme Court that United Airlines could not legally require its stewardesses to take an unpaid maternity leave in early pregnancy.

The case, United Airlines vs. State Human Rights Appeal Board began with complaints by two New York-based stewardesses to the State Division of Human Rights, which rejected United's claim that the policy was required by concern for passenger safety. The division ordered the airline to allow stewardesses to fly until the seventh month of pregnancy unless doctors' reports showed a medical reason not to continue working. United had sought a Supreme Court review on the ground that an interstate carrier should not be bound by the fair employment legislation of individual states.

The court agreed to hear an appeal by an Orange County, N.Y., adult bookstore owner from a conviction on state obscenity charges resulting from the seizure by local police of nearly 800 books, magazines and films from his store.

The bookstore owner contended that the search warrant was deficient because it listed only two specific films, and that the six hours a local judge spent in his store looking through the hundreds of magazines could not possibly meet the constitutional standard that works must be "taken as a whole" before judged obscene.

Abortion

The justices declined to hear a constitutional challenge to a Cleveland zoning ordinance banning abortion clinics in a "local retail business district." The ordinance had been passed only after the abortion clinic in question signed a 10-year lease, obtained the necessary permits and was ready to open. The lower U.S. courts had refused to grant an injunction against the ordinance.

Lawyers' Rights

The court refused to hear a challenge to a rule of the South Carolina Supreme Court denying the right to practice law to anyone who is not a graduate of the state university's law school or of an American Bar Association-approved school. The plaintiff had practiced law in Georgia for eight years but was denied the right to take the South Carolina bar exam because he had graduated from a nonapproved law school.

Blast Kills 1 in U.S.

CLINTON, Ill., Nov. 28 (UPI) — A propane gas explosion at the construction site of the Illinois Power nuclear plant near Clinton killed one worker and injured another yesterday.

N.Y. Times and Reporter Denied a Court Review

By Linda Greenhouse

WASHINGTON, Nov. 28 (NYT) — The Supreme Court said yesterday that it would not review the contempt of court convictions of The New York Times and its reporter, Myron Farber, for their refusal to turn over Farber's notes in a New Jersey murder case.

The justices' action leaves standing a ruling by the New Jersey Supreme Court that neither the U.S. Constitution nor the New Jersey law designed to protect reporters and their sources permits a reporter to refuse information demanded by a defendant in a criminal case.

Because the murder trial is over, the court's refusal to hear the newspaper's appeal has no immediate effect on any of the parties. The Times has paid in full its civil and criminal contempt fines totaling $285,000.

Farber, 40, had been given an open-ended sentence for civil contempt, on which he spent 39 days in jail. It ended Oct. 24, when a Bergen County jury acquitted Dr. Mario Jascalevich, 51, of charges that he injected three hospital patients with lethal doses of curare, a powerful muscle relaxant.

After the acquittal, Farber's six-month jail sentence for criminal contempt was suspended permanently.

Nevertheless, yesterday's action may well have an effect on the delicate and shifting balance between the constitutional guarantees of the right of a free press and the right to a fair trial, at least as that balance is struck by state judges around the country and perceived by trial lawyers.

Negative Effects Seen

Some press observers believe that the highly publicized case has already had a negative effect on the ability of reporters to do their jobs, as measured by a rapidly growing number of courtroom demands for reporters to testify or turn over their notes, and by a reluctance on the part of potential sources to talk to reporters who might not be able to protect their confidentiality.

Refusal by the Supreme Court to review a lower-court decision is not a decision on the merits of the case and cannot itself be cited as a precedent. The New Jersey Supreme Court decision is law only in New Jersey, and other state supreme courts, most recently Wisconsin's, have decided roughly similar cases in the opposite way.

So the impact of yesterday's action, if any, will come not from its significance as a legal precedent but from how it adds to a public perception that the nation's courts are increasingly unfriendly to First Amendment claims made by reporters and editors.

"You can't obscure the impact in technical jurisdictional arguments," Jack Landau, director of the Reporters Committee for Freedom of the Press, said yesterday. "The Supreme Court knows what's going on, and the bottom line is that a newspaper can no longer rely in good faith on the First Amendment or a shield law."

Stand by The Times

Arthur Sulzberger, publisher of The Times, said that "it is imperative for a free press to have the Supreme Court rule on the critical issues raised in this case."

In his statement after the court's action was announced yesterday, Mr. Sulzberger said: "It continues to remain my firm belief that Mr. Farber operated in the best tradition of a free press and the First Amendment when he surfaced information of unexplained deaths. Further, he did his reporting under the full guarantee of a shield law passed by the New Jersey Legislature but later ignored by New Jersey judges.

"It would seem simply logic that before a reporter goes to jail and The Times pay fines there be a hearing to determine whether the shield law, which still stands on the books, is real or made of papier-mache. No such hearing was held, and now the United States Supreme Court has let that situation stand."

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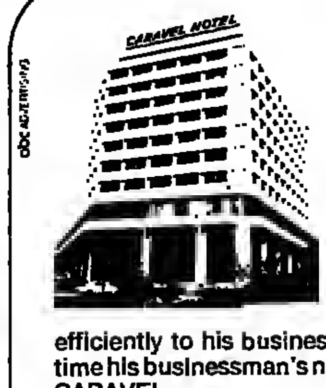

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Cites Trust Reasons

Top Officer Resigns Bonn Military Post

By Michael Getler

BONN, Nov. 28 (WP) — West Germany's top military officer — Gen. Harald Wust — today abruptly resigned his post because he apparently did not get along with Bonn's civilian defense minister, Hans Apel.

Mr. Apel, appearing at a hastily called press conference, expressed shock and surprise at the four-star general's resignation and at the reasons cited by the general for that resignation. Gen. Wust, 57, had only served two years as West Germany's inspector-general, the top post overseeing all three branches of the armed services, and would normally have served another three years.

The general, a gray-haired, soft-spoken officer who first joined the German Air Force in 1939, had been in trouble with some Social Democratic members of parliameot in recent weeks but apparently did not cite those problems as the reasons which he supplied to Mr. Apel for his resignation.

Basis of Trust

Instead, Geo. Wust, according to Mr. Apel, said he no longer felt there was a basis of trust between the two men. Gen. Wust said he felt as though his military advice was not asked for enough, especially in the case of a receot reorganizaöon of the German Army and in the Bonn government decisioo oo whether to buy the expensive U.S.-developed Awacs airborne warning and control aircraft.

Mr. Apel rejected all of these charges and, to Gen. Wust's claim that he had beeo unable to see Mr. Apel much during the last four weeks, Mr. Apel said that the general had been on vacation for two of those weeks.

Gen. Wust bad come under attack by some in parliament — including a demand for his resignation — for his alleged delaying for about 18 months of an assessment of the damage caused to security by an East German spy ring that had been operating at high levels in the Defense Ministry until ununcovered last year.

Even the Score

The former Social Democrat civilian defense minister had to resign over that affair although oo military man resigned and some observers here see some Social Democratic politicians as taking the opportunity to even the score.

Gen. Wust, at the time, had offered his resignatioo but it was turned down by former Minister Georg Leber. The general came under much sharper fire recently from the parliamentary defense committee when he did not appear for their discussions over Awacs. He was on vacation at the time.

That situation did oot raise the general's stock with senior U.S. military officials, as well.

The defense committee today voted its approval for a Bonn contributioo to NATO for purchase of a fleet of 18 Awacs planes. Bonn will pay about $550 million, roughly 30 percent of the costs, although the lawmakers here remain rather unenthusiastic about the project.

Personal Problem

Today, Mr. Apel stressed that Gen. Wust's resignaöoo reflected purely a personal problem and was oo crisis for the Buodeswehr, the German armed forces.

Gen. Wust became the top officer unexpectedly when Adm. Armin Zimmerman died of cancer late in 1976. The general is an introverted officer, according to German military specialists, and oever seemed extremely popular or obvious as a leader, although some prefer such a man at the top bere.

Mr. Apel, the specialists say, oever had much confidence in his planning. When Gen. Wust showed up at a big U.S.-German military maneuver this fall, the U.S. general who was to greet him was not there. It was all just an embarrassing mix-up, everybody agreed. But "it was the kind of thing that seemed to happen to Gen. Wust," an officer mused later.

Do-It-Himselfer Given 'Job' by U.K. Neighbor

YORK, England, Nov. 28 (UPI) — It was the drills, Mrs. Edith Holmes told a court yesterday. And the saws, and the hammers, and the polishers, and "every other piece of equipment you would expect a do-it-yourself fanatic to use."

The "fanatic," she said, lived next door. That is why she was in court. She threw a brick through his window.

An attorney for Mrs. Holmes, 63, said David Thornley — he called him "The Menace of Meadowfield Drive" — lived in the oext house and "was doing repairs and renovations from 7:30 to 11:30 every single evening."

Mrs. Holmes went to the police, the local government, even the Citizens Advice Bureau. All said Mr. Thornley bad every right to do things himself.

Late ooe night, "driveo to the limit," Mrs. Holmes went out in her oightdress to demand that Mr. Thornley stop the ooise. She tripped over a pile of bricks. In fury sbe picked ooe up and heaved it through Mr. Thornley's newly installed picture window.

Mrs. Holmes pleaded guilty to malicious damage. The judge set her free, but cut Mr. Thornley's claim for damages down to £35 (about $70) because "he is a do-it-yourself expert and would do most of the work himself."

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1,000 Barrels of Oil Leak in East River

NEW YORK, Nov. 28 (UPI) — An oil barge ran aground in the East River today just off Gracie Mansion, the mayor's residence, and leaked 1,000 barrels of light heating oil, the Coast Guard reported.

The barge, which was carrying 160,000 barrels of oil, floated free five hours later on the incoming tide.

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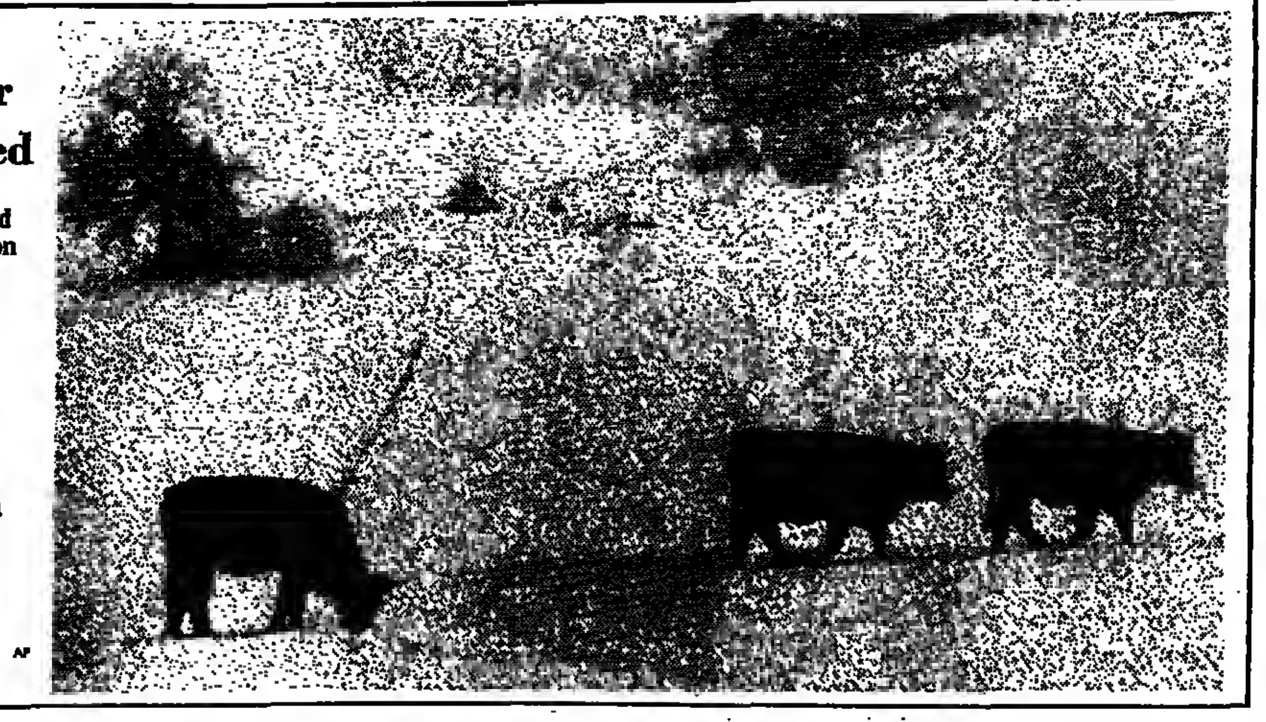

Winter closed in suddenly on some Bavarian cattle Monday, blanketing pastureland with snow. Now the search starts for last green stalks.

AP

Kept in Guyana by Local Officials

Tensions Persist for Jonestown Survivors

By Fred Barbash

GEORGETOWN, Guyana, Nov. 28 (WP) — The tension and fear among the few survivors of James Jooes's People's Temple have been played out daily in small, unhappy sequels in the events that elaimed at least 918 lives.

There are 78 members of the People's Temple left in Guyana, all of them still here at the request of local police. Nineteeo who escaped from Jonestown and three former lieutenants of Mr. Jooes who say they were allowed to leave during the mass suicide have been boused in the Park Hotel, despite their protests about being together.

Another 46, some believed to have been trusted officials and seenrity personnel in the cult, are still under guard at the Georgetown headquarters of the People's Temple about two miles from the botel.

Most at the botel are alive only by good luck. Robert Paul escaped before the killing began. Odell Rhodes slipped out unnoticed amidst the dying. The Parks family — Gerald, 45, Dale, 27, Brendan, 17, Chris, 20, Tracy, 12, and Edith, 64 — left with the party of Rep. Leo Ryan, D-Calif., and managed to avoid the shots that killed the coogressman and four others. Dale Parks lived only because the gun placed against his chest misfired. One member of the family, Gerald's wife, Patricia, was killed.

Some 'Loyalists'

Others, the ones called "loyalists," were simply chosen to live. Tim Carter, 30, Mike Carter, 20, and Mike Prokes, 28, say they were sent from the camp by a Jones coofidante witb a suitcase full of money, a gun and instructions to "get out before its too late."

The 46 at the Georgetown residence, Lamaha Garden, were 120 miles away from Jonestown wben the mass suicide happened. Some of them were there for medical treatment they could oot receive at the camp site. Others bad just arrived in Guyana and were waiting for transportation to Jonestown.

Among the residents of the bouse are a oumber of cultists whose image brings terror to many at the hotel. There are 10 or 12 members of Jooestown's basketball team, who have been accused by some of the survivors as being part of the armed security force at Jonestown.

There are at least three persons who, survivors say, participated in public beatings at Jonestown. There is a person who handled many local administrative matters for the temple and a persoo who handled public relations for the temple, both feared primarily because they were so trusted by Mr. Jooes.

Uotil last Saturday, another resident of the Georgetown house was a stocky former Marine named Charles Beikman, 43. He was arrested, jailed and charged with the murder of Sharoo Amos Harris and her three children who were found in the bouse with their throats cut the night of the Jooestown suicides.

Finally, there is Steven Jones, 19, the son of James Jones, and undoubtedly the man most feared by many of the survivors at the hotel.

The house and its occupants have been under beavy military guard since last Saturday. Local authorities did allow several of the People's Temple leaders living there to hold a press conference a few days afterwards. The press conference only intensified the bad feelings among the survivors.

Suicide Note

WASHINGTON, Nov. 28 (NYT) — The FBI released yesterday the contents of what appeared to be a suicide oote by a woman follower of Mr. Jones that was found on the cult leader's body by federal officials.

Although the FBI would not rule out that the note was written by Mr. Jooes, its tone appeared to be that of someone writing to him. The oote was signed by a woman, a FBI spokesman said, but the bureau was withholding the name until a positive handwriting identificatioo can be made.

The handwritten note said:

"Dad I see no way out — I agree with your decisioo — I fear only that without you the world may not make it to Communism.

"For my part — I am more than tired of this wretched, merciless planet & the bell it bolds for so many masses of beautiful people — thank you for the ONLY life I've known."

Mr. Jones was called "Dad" by many people in the cult.

U.S. Aged Said to Be Defrauded Of $1 Billion a Year in Insurance

WASHINGTON, Nov. 28 (NYT) — A congressional investigatioo of insurance fraud has concluded that the old are paying $1 billioo a year in premiums for bealth insurance policies they do oot need.

In many cases, according to the House Select Committee on Aging, many of the 15 million eligible for Medicare who have been sold supplementary insurance have policies with fine priot denying payment from more than one policy.

Rep. Claude Pepper, D-Fla., 78, who beads the committee, charged that abuses in the sale of bealth insurance to the elderly bad become a "full-scale oaöonal scandal."

"We have found that many unscrupulous insurance agents have been preying on the fears of the elderly and selling them three, four, five and sometimes as many as 30 different health insurance policies, although they generally cootain a clause saying that only one policy will pay," Rep. Pepper said.

Of the 23 millioo Americans eligible for Medicare, 15 million have supplemental bealth insurance policies whose average premium cost is $200 a year, with the total yearly premiums at about $4 billion.

Rep. Pepper said: "The committee staff offers the rough estimate that senior citizens are being taken for $1 billion a year by these insurance companies and their agents."

Strike Time in Italy

ROME, Nov. 28 (UPI) — Strikes caused a loss of 43.8 million bours of work in the first nine mooths of this year, government statisticians said today. This compared with 71.1 millioo hours lost in the same period of last year.

Church Activist Reportedly Held By Soviet Police

MOSCOW, Nov. 28 (AP) — Soviet KGB security police have arrested a religious activist, Alexander Ogorodnikov, on eharges of parasitism, dissident sources said yesterday.

They said Mr. Ogorodnikov, 27, was seized last Tuesday and was being beld at Kalinin, north of Moscow.

Mr. Ogorodnikov, who founded an uoderground group of young Russian Orthodox believers, was attacked in a Soviet newspaper article last year for his activities.

The charge of parasitism, which carries a maximum penalty of two years' imprisonment, ean be brought against an able-bodied adult who does not support himself with a job recognized by the state.

Armenian Pleads Not Guilty

MOSCOW, Nov. 28 (Reuters) — Armenian dissident Robert Nazaryan pleaded oot guilty today wben he went on trial at Yerevan on charges of anti-Soviet agitaöon and propaganda, his friends said. Mr. Nazaryan, a physicist and deacon of the Armenian ehurch, told the court he had worked only to defend human rights in accordance with the 1975 Helsinki accords, they said.

Strike Halts Flights Of Japan Air Lines

TOKYO, Nov. 28 (AP) — About 280 pursers and stewardesses of Japan Air Lines went on strike today, protesting what they called management moves to split the union.

A JAL spokesman said the walkout forced cancellation of 39 of 110 domestic flights and 7 of 28 international flights.

Total Estimated at 400,000

Illegal Immigrants in Italy a Growing Phenomenon

ROME, Nov. 28 (AP) — Noeline Hamilton, a 21-year-old Sri Lankan, came bere seven months ago to visit her elder sister, Mary, who works as a maid earning the equivalent of about $230 a month. Noeline soon found a babysitting job paying $50 a week. The two sisters have joined a growing coloöy of illegal aliens in Italy.

Taking advantage of lax immigration controls and liberal working conditions, foreign workers from Africa, Asia, the Middle East, South America and Europe are coming to Italy, displacing Italians in such jobs as bousemaids, dishwashers, fishermen, eleaners, farm belpers and prostitutes.

Since the early 19th ceotury, millions of Italians, mostly impoverished southerners, bave left their country for northern Europe, North and South America and Australia in search of work lacking in their oative land.

Today, more Italians are returning to their country than are leaving, and thousands of foreign workers are coming to Italy — a pheoomenon that the Rome daily Il Messaggero said has made the couotry an America of the poor.

Government officials estimate that more than 400,000 illegal foreign migrants have disappeared in recent years into the black labor market of about 2 1½ million workers. These workers take jobs without cootracts and without registering with tax or social security authorities.

Officials say the influx of foreign workers poses serious consequences to Italy's sluggish ecooomy. By conservative estimates, more than 1.5 million of Italy's labor force of 19 million is out of work.

The government has set a target of creating 600,000 jobs in the next three years to reduce unemployment, but economists fear that the program will oot be effective unless the flow of foreign laborers is checked.

There appears to be oo popular resentment against the foreign workers. In fact, many Italians seem to prefer foreigners.

"They work hard. They don't talk union. They are great," said Roberto Amitrano, a Rome architect. "Besides, I feel good knowing that I am helping somebody, perhaps the way Americans and others helped Italians a long time ago. I doo't care if they are here legally or illegally."

There are oewspaper advertisements seeking specifically a Filipino maid or an African housecleaner. Even the Italian labor unions are keeping silent.

Some newspapers suggest that the government should take measures to legalize the foreigners' status instead of condemning them to clandestineness and exploitaöon.

A recent survey by the Center for Social Studies and Investment cites two main reasons for the influx of foreigners:

- Wealthier European nations like West Germany, Switzerland and France have cut the number of seasonal or semi-permanent foreign workers and oow enforce strict immigration controls. By contrast, Italy's immigratioo officers give only a cursory check of visiting foreigners and, in most instances, do oot even stamp their passports. Io a rare case, 20 young Filipinos were deported by the Italian government recently on charges of having engaged in prostitution.

- Increasingly, Italians are shunning bumble work — mostly manual labor — and foreign workers are finding a ready market and sympathetic employers in Italy. The survey attributed the trend to growing affluence.

Rome's Il Tempo said that the foreigners do not take work from any one, but merely do jobs nobody else wants.

Some foreign workers apparently are using Italy as a stepping stone to the United States or other wealthier nations.

"We wanted to gn to America or England, but couldn't get visas," said Maria Reyes, a Filipino maid. "There's much less red tape in coming to Italy and staying here."

Swiss Set Trial Date For Chaplin Thieves

LAUSANNE, Switzerland, Nov. 28, (Reuters) — Two East European political exiles accused of snatching the body of Charlie Chaplin in March and asking his family for a ransom will appear in court Dec. 11, the public prosecutor's office announced today.

The two were identified today for the first time as Romance Wardas, 24, a Pole, and Gastcho Ganev, 38, a Bulgarian. Both had been granted political asylum in Switzerland. They will be charged with desecrating a tomb and attempting to obtain a ransom for the body.

Prostitutes Challenge U.K. Clients

LONDON, Nov. 28 (Reuters) — British prostitutes at a conference last night called oo prominent clients to identify themselves publicly and stop condemning to the world what they practice in private.

The English Collective of Prostitutes threatened last week to start naming clients, who, they said, included prominent politicians, priests and police chiefs.

The conference was called to back the collective's demands for prostitution to be legalized. The collective's organizer, Helen Buckingham, told the conference, "Abolish prostitution laws and prostitutes themselves will disappear, giving way to sex therapists."

About 200 people, including prostitutes, priests and womens' rights activists, attended the conference. Letters of support were read from prostitutes' groups in San Francisco, New York and Paris.

Iceland Official Quits in Protest

REYKJAVIK, Nov. 28 (Reuters) — Bragi Sigurjonsson, president of the upper house of the Althing (parliament), yesterday resigned in protest over the government's decisioo to introduce a 6-percent ceiling oo wage increases.

Mr. Sigurjonsson, a Social Democrat, said: "The government has oow shown it lacks the courage to come to grips with inflation." His party favors a 3-percent ceiling and fears that 6 percent is too high to have a restraining effect on inflation, oow running at 43 percent, which could return to 50 percent next year, according to economic forecasts.

Ohira Stolid, Experienced

Japan's Next Leader A Master Politician

By Henry Scott-Stokes

TOKYO, Nov. 28 (NYT) — Masayoshi Ohira, who takes over from Takeo Fukuda as premier and as leader of Japan early next month, is to many on first impression a solemn, brooding person.

Heavily built, unsmiling and beavy-lipped, Ohira seems almost a caricature of an Oriental master politician, a man suited to the backwoods and backstairs, who would sit up stolidly all-night to get his way with beavy-drinking colleagues.

Born on March 12, 1910, Mr. Ohira is the son of a farmer from Kagawa Prefecture, or province, which is situated on the Inland Sea side of Sbikoku Islaod, in southwestern Japan. And he has been a solid kind of man since his youth, in person and in personality.

A high-school classmate of Mr. Ohira recalled: "The sight comes to my mind of a fellow who frequently carried a rolled-up judo uniform over his shoulder and walked with dragging feet, wearing heavy shoes. Even today I don't think he cares mueh about what he wears."

This is a recognizable portrait of Mr. Ohira — his name is pronounced Mah-sah-yo-shi O-hee-rah, with the syllables accented evenly — 50 years later. Last summer he was seen walking on the rail statioo platform at the mountain resort of Karuizawa, accompanied by a squad of guards and secretaries. He was the one who rolled his jacket over his arm on a not very hot day, while the bodyguards, jackets on, bustled at his side.

Not Mercurial

Mr. Ohira is not brilliant and mercurial like Mr. Fukuda, whom be succeeds. Another classmate from primary school said: "I merely remember faintly that he was a square-jawed fellow and that he was very strong at judo. He was oever at the head of the class in studies bot always No. 2 or thereabouts."

But when relaxed, Mr. Ohira is totally different from the immobile, taciturn persoo he appears to... He is deeper than Mr. Fuk... more solid, less given to sud... turns of policy and quite un... terested in display and poli... acrobatics.

His father died when he was ... and after that his family was p... Only by concealing his studies fr... the family was he able to pre... for and pass entrance exam... 1933 for the elite Tokyo Univ... of Commerce — now known as ...totsubashi University.

Much of Mr. Ohira's chara... and career is attributable to... fact that he was a second son... the Japanese tradition, his ... brother, Kazumitsu, had direc... sponsibility for the family after... father's death. The older be... high-tempered youth, took car... family affairs, while Masayo... outshone in every way, put hi... ergy elsewhere.

As a poor student in Toky... the mid-1930s, the era in which... militarists gained power, Mr. O... turned to Christianity. He jo... the Salvation Army and espo... the teaching of Kanzo Uchimu... radical nonsectarian Christia... the nineteenth century, w... views resembled those of Qua... His dislike of fascist excess ... from this period, as does his i... est in literature.

Government Career

Mr. Ohira diligently pursu... career in government, startin... the Finance Ministry in 1936... serving there until the late 1... He then joined the staff of Ha... Ikeda, the premier from 196... 1964, helping to prepare ... Ikeda's successful "income... bling plan" and becoming ... Cabinet secretary — a key pos... an ambitious young politician ... 1960.

It is many years since he at... ed church, but the marks of... 1930s are visible. Mr. Ohira is ... voted family man, the fathe... four children, a nonsmoker a... teetotaller. In a political party ... dominated by backstairs' oper... given to drinking bouts, Mr. O... stands out as an booest man ... yet has a peasant's cunning.

In the electioo in which he ... feated Mr. Fukuda by a star... margin, Mr. Ohira showed ... cunning. He won through an ... toral alliance with former Pre... Kakuei Tanaka, master of the ... first-class vote-gatheriog mac... in the party. The alliance was ... closed to only a few persons ... shortly before the election, ... which time it was too late for ... Fukuda's overconfident staf... take counteraction.

Mr. Ohira's long experienc... government has included for... minister (1962-64), minister o... ternational trade and indu... (1968-70), foreign minister a... (1972-74) and finance min... (1974-76). He also served twic... secretary-general of the Lib... Democratic Party. He waited ... the time was ripe, th... overwhelmed his longtime ad... sary, Mr. Fukuda.

Four years ago the doctors ... hospital where Mr. Ohira ha... checkup asked him, according ... custom, to inscribe a sentiment ... his own calligraphy. He wr... "With the beart of Buddha and ... hands of the devil."

Death Toll Is 1,000 In Sri Lanka Cyclone

COLOMBO, Sri Lanka, Nov. 28 (Reuters) — A eyclone that devastated a wide area of Sri Lanka last week killed about 1,000 people on the eastern coast alone, a minister said yesterday.

Justice Minister K.W. Devanayagam said that "there is oot a roof over any of the few remaining buildings" in the province. About 1 million people were affected by the cyclone which destroyed more than 500,000 buildings Thursday with winds of up to 100 miles an bour.

Bolivia General Puts a Civilian In Cabinet Post

LA PAZ, Bolivia, Nov. 28 (Reuters) — Bolivia's military president, Gen. David Padilla, who took power in a bloodless coup last Friday, has completed his Cabinet that includes a civilian to head the Finance Ministry.

Former Central Bank president Wenceslao Alba will be in charge of economic policy, and Col. Norberto Salomon was sworn in as Minister of Urban Development. Gen. Victor Castillo Suarez, former military attache at the Bolivian Embassy in Washington, was appointed commander in chief of the armed forces. Air force Gen. Gaston Lupe, information minister in the leftist government of Jose Torres that was overthrown in a bloody coup in 1971, was appointed air force commander.

Friday's coup was welcomed by Bolivia's leftist opposition.

Poland to Try 5 As Trade Spies For West Firms

WARSAW, Nov. 28 (UPI) — ... government oewspaper Zy... Warszawy said today that at le... five Poles will have to face trial ... charges of economic espionage ... Western companies.

The newspaper did not reveal t... date of the trial nor did it identi... the alleged spies beyond their i... tials. It said that Michal P., a dir... tor of a foreign trade enterpri... will be one of the main defenda... for buying four useless cranes f... $300,000 and a cement process... for $150,000.

Zycie Warszawy also listed Je... W. and Jolant W. among those ... be tried for "passing on details ... trade offers of Western compan... to another capitalistic firm."

Janusz T. was mentioned ... being accused of baving "informe... trade agents oo bow they shou... deal with Polish officials to obta... an agreement."

Janusz B., a lawyer, was name... as a "dealer" who made profits b... establishing contacts between h... friends, the four mentioned alleg... spies, and Western trade represe... atives.

2 Sentenced in Pakistan

RAWALPINDI, Pakistan, Nov 28 (UPI) — A special military cou... sentenced two men to prison term... and floggings yesterday for kidnap... ping a young married woman and ... forcing her into prostitution.

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Films in Paris

'Greek Tycoon' Misses the Boat

By Thomas Quinn Curtiss

PARIS, Nov. 28 (IHT) — The photo at the right tells you almost all you need know about the contents of "The Greek Tycoon" at the Ermitage and the Cluny Palace in English).

A barrel of molasses (and, yes, of Onassis) has been poured over this account of an Athenian shipping magnate's marriage to the widow of an assassinated U.S. president. Its slick production, overflowing with technicolored views of Aegean yachting excursions, is as pretentious as artificial jewelry and no more deceptive. The news reports and whispered rumors of that widely publicized union have received honeyed filtering and the message is that of a Victorian parlor motto: "Money Isn't Everything," which will console the sentimentalists who still desperately believe that filthy lucre is the key to happiness.

J. Lee Thompson is an in-and-out director. Some years ago he made a haunting photoplay in "Tiger Bay" and guided the boom-boom "Guns of Navarone" on its successful course. Winston Churchill liked the latter so much that he saw it seven times and entrusted its producer, Carl Foreman, to undertake his film biography, "Young Winston."

Thompson has engineered the present script mechanically, as though it were a cross between one of those hoary scene-shakers in which mighty bankers always went broke and mad on the nights that their wives were giving fancy-dress balls and a gangster melee. In other words, he has done nothing to render more palatable or more palpable a ridiculous scenario in atrocious taste.

Anthony Quinn supplies his customary pantheistic portrayal, here an earthy commoner, a lascivious Levantine, who having attained riches wants to live, live, live. Jacqueline Bisset, dark sunglasses and-all, is the widow who tries matrimony a second time. In support are Raf Vallone as the millionaire's trouble-making brother, Edward Albert as his daredevil son and James Franciscus as the president who is shot down. Roland Culver provides a thinly-disguised characterization of Churchill. The disguise is that he looks like Lord Beaverbrook.

Saddled with such a preposterous screenplay, Thompson could resort only to satire of some sort. Instead of staging the absurd business as though it were a solemn Alfred Sutro drawing-room drama disconcertingly upset in its decorum by murders and non-U fisticuffs, he would have been well advised to have us laughing with him rather than at him.

* * *

Caricature has been the piquant sauce of almost every good movie, including those of a serious nature. The medium's leading spirits have always appreciated its value and have applied it generously. D.W. Griffith parodied professional uplifters in "Intolerance"; Eisenstein's depiction of Kerensky's impotence in "October" has the comic malice of Max Beerbohm's brush. Charlie Chaplin, Mack Sennett, Rene Clair and Max Linder were all caricaturists (it is significant that Fellini was a magazine cartoonist before taking to films), and exponents of more recent vintage have included Alec Guiness, Woody Allen and Mike Nichols, among others.

A cargo of spiteful humor might have lifted "The Medusa Touch" (at the Quintette in English) from its oppressive doldrums. Here we have Richard Burton as a neurotic novelist causing all sorts of catastrophes — including this film. An adult version of satan's son from "The Omen," he is less amusing in his mischief-making.

* * *

An inviting premise has been shipwrecked in "Les Bronzes" of Patrice Leconte (at the Rex, the Biarritz and the Normandie). The notion that there is some fun to be had in a slapstick farce about the happenings at a tropical holiday camp is sound enough, but it requires inventive treatment.

Joe Orton, the late English playwright, taking as his model no less than Euripides' "Bacchae," wrote a hilarious comedy about a British vacation resort whose proprietor suffered martyrdom when his paying guests became dissatisfied and rioted.

The general subject remains serviceable, but its development calls for an author-director of genuinely humorous mind — a Jacques Tati or a Buster Keaton. Leconte has supplied a fat, bald man and a thin, bald man and a few youngsters, but this is simply insufficient. Neither of the hairless clowns are able to evoke much laughter on appearance alone, and the material they have been handed is pathetic. The French cinema's search for new funnymen has yet to yield substantial results.

Anthony Quinn and Jacqueline Bisset in "The Greek Tycoon."

Radio City Hall Back in Black

NEW YORK, Nov. 28 (AP) — Radio City Music Hall is operating at a small profit under the rescue plan that kept it from closing last April.

Richard Kahn, president of the Urban Development Corporation, said that because the state had demonstrated how the famous Art Deco theater could make money, operating control has been returned to Rockefeller Center Inc., its owner.

The UDC was the instrument through which the state moved to keep the Music Hall, with its Rockettes dancers, open after Rockefeller Center announced it was closing down the theater as a losing proposition.

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Science

The Kinship of Claude Levi-Strauss at 70

By David Bodanis

PARIS, Nov. 28 (IHT) — Claude Levi-Strauss comes to meet a visitor in a cold stone hallway at the College de France. With a mischevous smile he briskly leads the way back — past metal filing cabinets and institutionally-painted walls — to a pair of leather doors which, graciously held open, reveal his precisely arranged private office. It is dim in browns and greens, with walls and desks and cabinets all of glowing, burnished wood. Within it are the memories of a world of vanished or dwindling societies, within it is Claude Levi-Strauss; 70 years old today.

Levi-Strauss

"I went to Brazil as a young college professor very much in doubt if anthropology was the right choice of career. The world then seemed a more quiet and interesting place in which to live, and travel was a kind of window open on the unknown."

Another opening on the world was the work of the Symbolists. "Symbolist poetry and painting, which influenced me strongly, is similar in structure. For it encapsulates several meanings into the picture on different levels, and also it is an attempt to evade the actual world in which the painter lives — to open a window or door on a completely different type of world. Realist painting, too, preserves the memory of a world which is entirely different from our own. For although this world existed in the past, now for us it is an imaginary world that we can only reach by imagination."

Levi-Strauss' particular brand of structuralism has been widely discussed and occasionally understood. He has been reviled as expounding a cold and meaningless formalism; he has been honored as achieving the final answer to the dilemmas of the human studies.

"I am not at all interested in applications. What I am trying to do is to discover some aspects of social life, of social activity, where it is possible to use a slightly more rigorous approach than was used previously. It's not at all a kind of philosophy, there is no message for mankind. It is a kind of craftsmanship. In the social sciences, we can only try to understand better what was understood less well, knowing always that this will give way to a better understanding, and that to a better understanding, and so on. By contrast, a mathematical proposition — if it is true, it's true."

Although one of France's most respected cultural figures, Levi-Strauss likes nothing better than to visit his country home, "which is entirely in the woods and where I can walk for hours without meeting a single soul." That relation of nature to culture is a theme basic to the work of Levi-Strauss:

"If the entire painted work of Raphael were to be destroyed we would feel it as a total disaster. But when a species of moss, or a plant, disappears we don't pay any attention.

"This immoderate humanism, this idea that man is so much apart from creation that he can consider himself the lord and master of all living things and dispose of them at his whim, is a peculiarity of modern Western civilization.

"By contrast, many American Indian tribes believed that medicinal plants could not be extracted from the soil without extensive ritual precautions. Many tribes also believed that the entire world shared in a common pool of life, and that if man as a predator took life from some animals, which shared in the pool, then he should compensate by the loss of life himself. These are extremely efficient ways to limit the kind of destruction which man is obliged, of course, to perform."

The usefulness of some unconventional habits is a common theme in anthropology, and an important part of Levi-Strauss' first thorough development of his structural technique in "The Elementary Structures of Kinship." The nature of incest taboos, a custom in nearly all societies, was explained in that early work as a means of promoting social harmony, using women as currency. The exchange of women between different families (marriage) guarantees that the buyers and sellers (in-laws) must at least go through the motions of being friendly with each other. Without the incest taboo, harmony between families would not be maintained, Levi-Strauss asserted.

This is not the only unconventional view that he takes of the relations of the sexes:

"The differences offered by nature should not be ignored, but should be exploited to the fullest extent; the differences between man and woman should not be erased.

"What we are discovering in our present society is that there are not two sexes but four: men-men, women-women, women-men and men-women. We should not try to give a unique social solution to the problems of these four sexes. What we should try is to make room for each one to develop its own originality. Women-women should not be forced to act like men-men."

'Fundamental'

The intolerance of diversity is a "fundamental problem," and is seen in the destruction of primitive societies, most notably in the Brazilian government's destruction of the culture of the Amazonian Indians, according to Levi-Strauss.

Despite the decline of primitive societies, Levi-Strauss feels that anthopology will continue — by using the archives accumulated in the past 150 years, as classical scholars study the remnants of Greek and Roman culture.

Although Levi-Strauss is making a dent in these archives by "reading anthropology from morning to night," there is one sort of anthropology he will leave for others to explore:

"I avoid reading what concerns me and my work, because in most cases if it is commendatory it is because of a misunderstanding, while if it is harsh in style it makes me angry, and I don't see why I should get angry and ruin my health!"

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Eating Out

Nouvelle Cuisine Oriental Style

By Naomi Barry

PARIS — If the so-called "Nouvelle Cuisine" has penetrated the Orient, the place to sample it is in Paris at the Tan Dinh.

Among its most faithful devotees are a crowd of New Wave young French chefs who frequent the restaurant on Rue de Verneuil. Not only do they admire the cooking of their Saigon-born colleague, but they find it a source of inspiration for their own "lightened" efforts. Subtlety and delicacy have always characterized the cuisine of Southeast Asia, and adventurous contemporary chefs here willingly admit to its influence on them.

Not Locked

Slim, blue-jeanned Robert Vifian (his Vietnamese family picked up the French surname a few generations ago) sees no more logic to his being locked into tradition than do such Occidental friends as Jean Jacques Jouteux of Les Semailles, Alain Dutournier of Au Trou Gascon or Michel Oliver of Le Bistrot de Paris. Vifian's style is rooted in his heritage, but the variations are strictly personal.

A meal the other night was composed by his father, who works for Citroen by day but oversees the dinner service for his son in the evening. It opened with a nibble of deep-fried shrimp rolls, crusty and clean of fat, meant to be dipped into small bowls of clear, ginger-flavored sauce. Portions were a procession of small taste titillations. The terrine of crab — minced crab and mushrooms bound with egg — was light as a quenelle.

Rouget barbet, the most prized variety of Mediterranean, is the chef's current favorite. Two of moderate-size specimens of the mullet, steamed whole with a few vegetables and slivers of fresh ginger root, were ample for four.

A poached chicken was made exotic with a type of rich, black, Chinese mushroom that is a connoisseurs' delight. The splendid Haut-Medoc was a Leoville-Las-Cases.

Love Affair

Vifian, 30, began his love affair with fine French wines when he was 11. His grandfather owned a fancy grocery of local and imported delicacies — Saigon's equivalent of Fauchon. On holidays the boy was given a sip of a good vintage to develop his palate. Tan Dinh's wine list is thoughtful and well selected.

Grandpa had four daughters. It was assumed they would marry well and direct important households; as part of their education, the best chef in town was brought to the house to teach them to cook.

The training helped Vifian's mother when the family came to Paris to begin a new life. Restauration seemed the surest way to keep going, and they opened a small histro on the Rue de Navarre. Mrs. Vifian did all the cooking. Older son Freddy studied to become a pharmacist. Robert went to the Sorbonne, where he majored in literature and minored in the history of cinema. Because of his natural interest in food and wine, he was of particular help to his mother.

A few months ago the family moved the restaurant to its current, larger quarters, and now the roles are reversed: Vifian heads the kitchen and his mother is the helper.

The new Tan Dinh — velveted, discreetly decorated and softly lit — is a luxury-class restaurant. A meal averages 100 francs, which Vifian says (in fluent English) is a shock to the people who equate Vietnamese with cheap, cheaper, cheapest. At Tan Dinh, however, the emphasis is on quality, refined preparation and a service that suggests the hospitality of the Far East.

"I am planning to buy a pharmacy for Freddy," said the elder Vifian, a spry, tennis-playing gentleman. "I certainly had to do as much for Robert.

Tan Dinh, 60 rue de Verneuil, Paris 75007. Tel: 544 0484. Open for lunch and dinner. Closed on Sundays.

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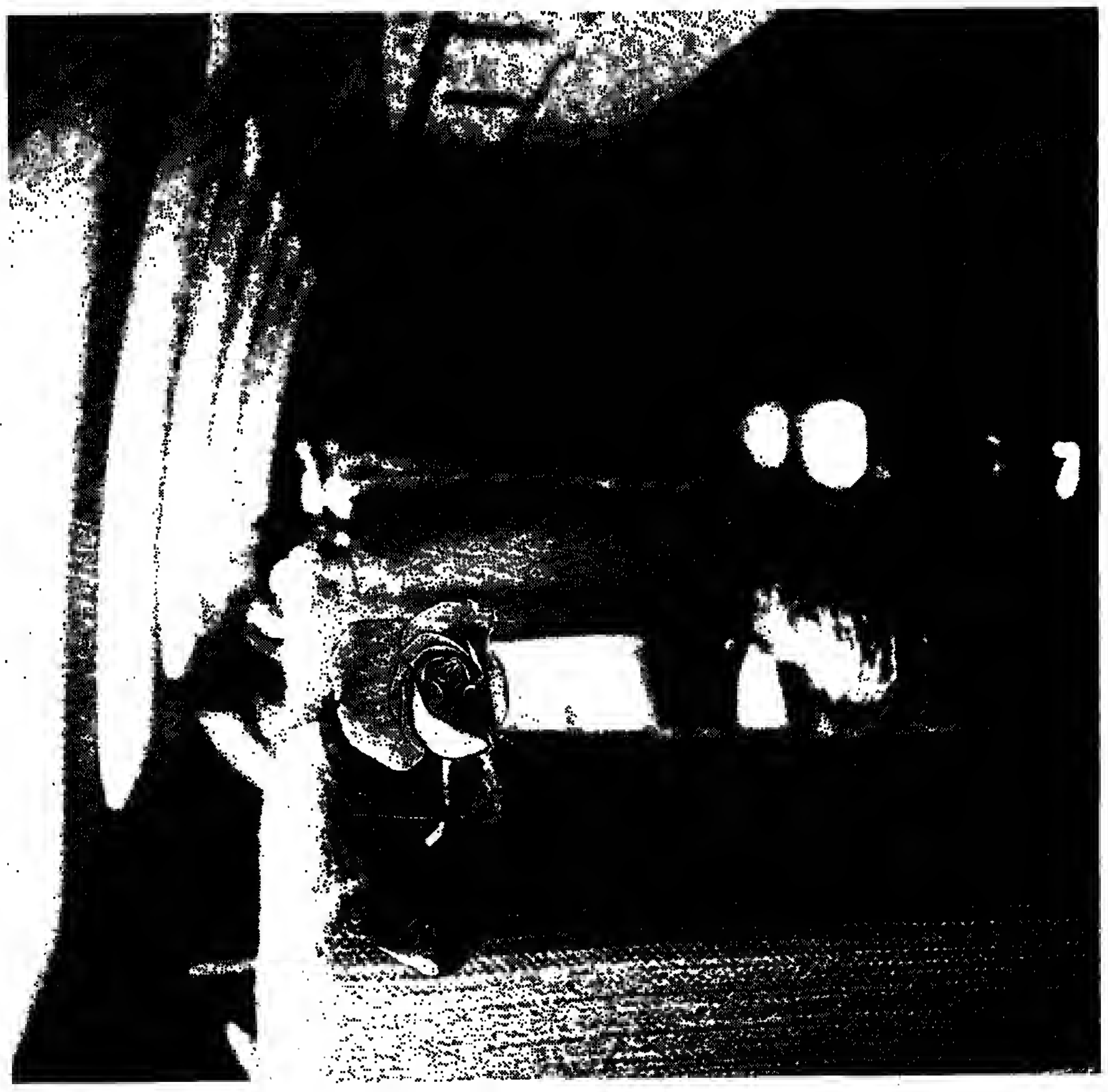

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INTERNATIONAL
Herald Tribune
Published with The New York Times and The Washington Post
Page 6 Wednesday, November 29, 1978

Graffiti, Chinese Style

Once again it is the season of wall posters in Peking. Like a hundred baleful flowers, the graffiti carry a message signifying that Mao Tse-tung is to be pushed, temporarily anyway, out of the Communist Valhalla. He has been accused of responsibilities io connection with the "Gang of Four" led by his wife, Chiang Ching, whose "radical" antics horrified the Chinese faithful and bemused the rest of the world shortly after Mao's death two years ago. Now the star of Vice Chairman Teng Hsiao-ping, an old antagonist of Mao, is rising in competition with the power of Party Chairman and Premier Hua Kuo-feng.

* * *

All this can only be profitably followed by the China-watchers, or analysts, as they are called when they get it right. The public will draw its own conclusions from the recent flurry of visits Chinese potentates have made abroad, including the major diplomatic initiative of a treaty of cooperation with Japan. Chinese officials have been bustling through Western and Eastern Europe, shopping for arms in the one and for ideological sympathy in the other. U.S. businessmen, for their part, have been swarming to the great Canton Trade Fair, and corporations like Geoeral Motors have been pressing witb offers to help modernize Chinese industry. China at last seems serious about opening its gates to the outside world.

Those gates were originally forced open; historically it has always been difficult to do business with the Chinese. The account of Lord McCartney's embassy to the Emperor Ch'ien Lung at the end of the 18th Ceotury, with its scarlet-coated bagpipers and its suite of contemporary sociologists and reporters, has some strangely modern features, including its initial failures. One supreme stumbling block, for a while, was the refusal of the British ambassador to perform the kowtow to the emperor unless a Mandarin of equivalent rank made the same series of obeisances to a portrait of the prince regent which was dug out of the embassy's baggage train. The kowtow takes a differeot form in these times, but it is still there.

In the heyday of China trade in the first part of the 19th century, business was still difficult, owing largely to the baffling — to Westerners — conviction the Chinese had about their own superiority. Later, trade led to colonial exploitatioo and a shameful episode in history ending with the Boxer Rebellion which everyone today would like, sensibly, to forget.

The only point of doing business witb China io the past was mooey. But now there are other factors which affect both the Chinese and tbe West more compellingly. China has tbe positive goal of modernization so that its great reservoir of buman power can compete, and especially compete with the Soviet Umoo. Both the Chinese and the Russians talk about defense in relation to each other. But what they really mean is the struggle, oo doubt peaceful, for the dominatioo of the vast Eurasian land-mass they share.

The West understands this point thoroughly, and in some sense the United States has become the political as well as the economic arbiter between the two. Meanwhile, in the forefroot flickers the market of 800-million consumers wbo bardly yet know what coosumptioo is.

Is it necessary to purge the ghost of Mao in order to clear the way for a real openiog of China? Very possibly. Whatever be may have said on the subject in his books, Mao stands today as the representative of traditionalist, ioward-looking, even xenophobic China, the China that was the empire of the middle of the world. The current rulers in Peking may well have coovinced themselves that the time of revolution is past and the time of exploration has begun.

Sadness and Revulsion

No day passes without some new horrendous or baffling report from the country whose name has now become a synonym for sadness and revulsion. We are told that the slaughter can be traced to a custody fight over six-year-old John Victor Stoen, wbose parents sought to reclaim him from the Jones cult — Mr. Jones evidently baving regarded the potential loss of the child as a portent of the cult's disintegration. We also learn that the mass suicides were conceived of as collective "punishment" for the wrongdoings of defectors. We learn that there are survivors, some of whom may be murderers. We hear more stories of mad rituals. We read the comments of the stunned relatives of the dead. We learn that Mr. Jones bad a mysterious letter on him. And throughout, we watch the body-count rise from 200 to 400 to twice that and, most recently, to over 900.

We also learn something about ourselves. From the Charleston (South Carolina) News-Courier comes the point of view expressed by too many — that we had no business speoding $8 million in tax dollars to fly the dead cultists home for burial. "Millions of Americans will be left wondering why special treatment was accorded to so many religious zealots," said the News-Courier. The fact is that only proper and humane treatment was accorded to dead U.S. citizens, whose families and country are here. Bringing back the bodies was simply the first thing to be done.

What else is to be done? First, we must help the survivors and prosecute the killers. Then we must determioe if there are fallen-away members of the People's Temple wbo are in danger and need to be protected. There must also be a thorough investigation of what exactly happened in Jonestown, something that sets out tbe confusion of details in as reasooable an order as possible. We must see if a State Department policy may be formulated at least to cover a similar contingency in tbe future. We must also recognize that a general policy may be impossible, that Jonestown was an aberration, and presented a situation in which, without benefit of hindsight, no rescue could ever have been carried out.

In other words, there are processes to understand and set forth, and rules to follow — a society to keep intact.

We are goiog through a oecessary and troubliog period at the moment, a simultaneous fumbling for news and solace. Like the FBI, we are trying to identify the bodies, and to identify them in terms that make sense. What we have left, for better or worse, is civilization, the same civilization out of which Mr. Jones led his flock. Now we survive, to learn and clean up.

THE WASHINGTON POST.

Democracy in Bolivia?

After seven military coups since 1964, Bolivians can at least count oo variety from their insurgent generals. Some have taken power in the name of the left, others of the right, and still others in the name of natiooalism. Last week's coup, however, may hold out tbe hope of something more lasting. Its authors have announced they are taking charge "temporarily with the purpose of creating the Bolivia that was dreamt of by generations of Bolivians." That is as uninformative as it is unobjectionable; still, the new coup appears to have been bloodless and it promises to hasten, rather than delay, democratic elections.

Bolivia is difficult terrain for democracy. Its peasants and tin miners remain desperately poor. Both groups bave been frustrated by the failed promises of one popular revolutionary movement after another. The upper classes fear majority rule. And military men have grown used to taking things into their own hands. Under pressure from Washington, a presidential election was held last July, but it was annulled amid charges of fraud and then superseded by the next-to-last coup.

That government was headed by Juan Pereda Asbun, an air force general wbo had been the "official" candidate in the canceled election. He explained that oo new election could be held before 1980 because 1979 was the centennial of the War of the Pacific, the conflict that cost Bolivia its access to the sea. It was an explanation every bit as digressive as it sounds.

The leaders of the oew coup promise "to return the people to their rights and liberties, including electing their leaders by universal democratic vote." They pledge that electioos will be held next July, a reasonable date io view of the need to update the electoral register and conduct a campaign.

Last July's coup created a difficult situation for the Carter administration. Having urged elections, it could hardly approve their long postpooement. Yet it feared that pressing Gen. Pereda too hard would provoke nationalist resentment and perhaps even further delay. If the new military leaders keep their pledge of free elections io the near future, their coup will have been one of the better things to have bappened in Bolivia during the past 14 years.

THE NEW YORK TIMES.

In the International Edition

Seventy-Five Years Ago

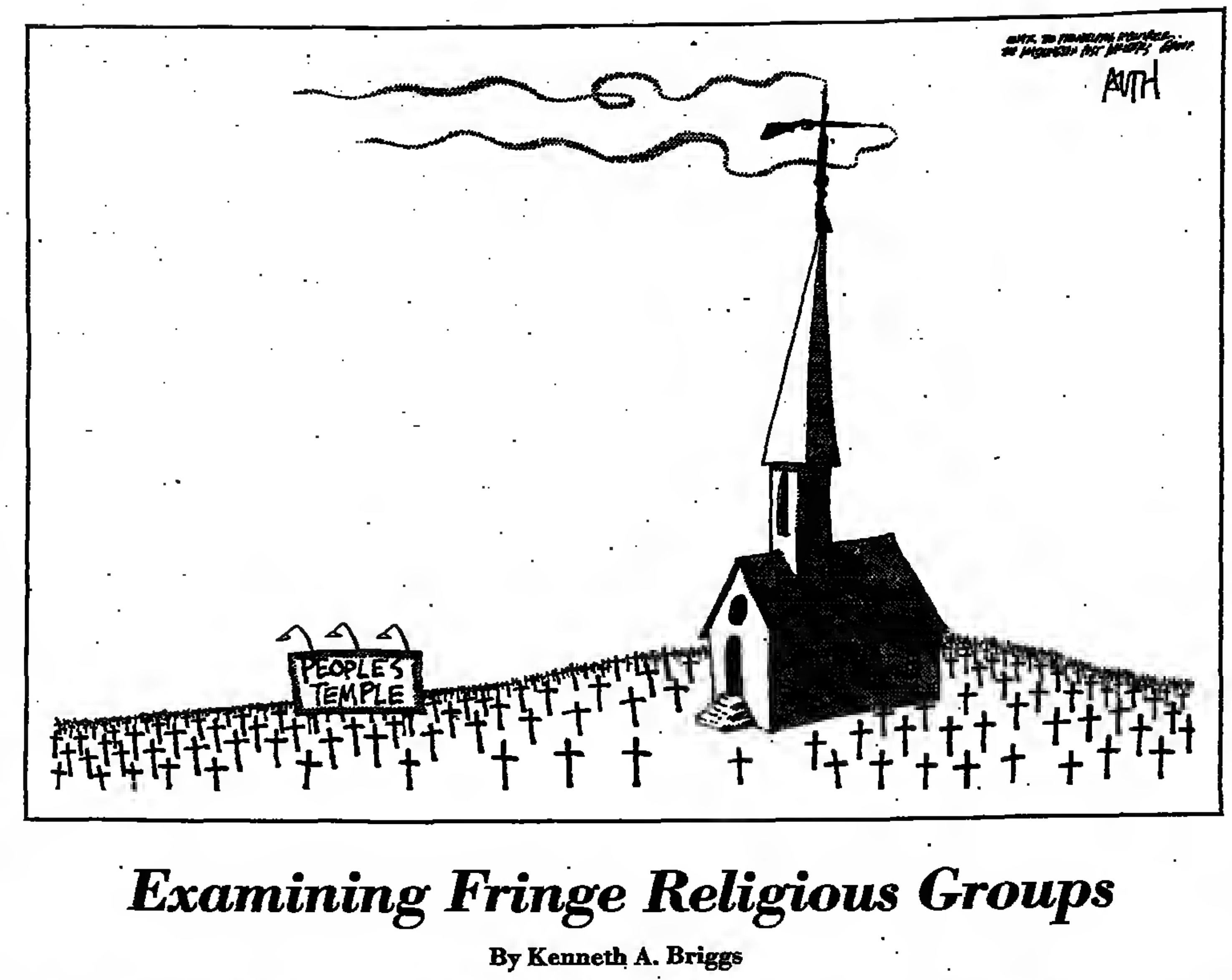
November 29, 1903

NEW YORK — The Indianapolis News commented: "Only five years ago the island of Cuba was in the throes of revolution. Industry was prostrated, the people were oppressed, and demoralization was general. During all this time the Cubans behaved excellently and showed a self-restraint that was really surprising. And now they have their own government and are enjoying peace and good order with a well-filled treasury. The record is creditable in every way. Truly the benefits of U.S. paternalism instead of Spanish domination cannot be overestimated."

Fifty Years Ago

November 29, 1928

PARIS — The general counsel of the Industrial Finance Corporation of America commented at a dinner last night: "Science and the development of machinery will tend to make the oations of the future more and more alike, but this change should not be termed Americanization. It's merely that America, without Old World institutions and traditions, responded freely to the increased tempo of the day and gained a lead which France, and Germany, are now seriously threatening. We don't know if it's progress, it may indeed prove to be a retrogression."



Examining Fringe Religious Groups

By Kenneth A. Briggs

NEW YORK — Fringe religious groups, always a feature of U.S. life, have spread over the past decade, continuing a tradition of religious freedom but taking oo distinctive features that could give rise to such a group as the People's Temple and, ultimately, the ritualistic murder and suicides of more than 900 believers in Guyana.

Nations and cultures have invariably experienced exotic and innovative religious outcroppings, but the United States, because of its tolerance for dissent, its idealism and its frontier individualism, particularly so.

"America, despite all its pressures to conform, officially said okay to the cults so long as the obeyed the law," said Dr. Langdon Gilkey, professor of theology at the University of Chicago.

The followers were there because, scholars say, young Americans, deprived of strong family ties, confused by rapid social change and uotaught in religious tradition, were searching for meaning in their lives.

Separated

"The theology of the cult is always dependent on a message of salvation not believed to be available in ordinary experience," Gilkey explained. "They are sometimes radically separated from the world, going into their 'embassy.' The world is a foreign continent and they, the ambassadors."

Many recently formed groups owe their origins to earlier movements. The People's Temple, founded in San Francisco by the Rev. James Jones after he took a small, unorthodox Indiana congregation West and away from what be perceived as intolerance, was spawned as ao offbeat Christian church with official ties to the Disciples of Christ.

Ultimately it came to bear little resemblance to an established movement, and that, too, is not uncommon. Technological leaps have brought different religioos into increasing cootact, and the effect has been that the oation has become a kind of religious hothouse for incubating oew varieties of spiritual life, ofteo splicing parts of many faiths into startlingly different hybrids.

Uolike most upstart groups in the past, which appealed primarily to older adults, the present array of offerings draw mostly young followers uoder the age of 30. These people, scholars says, are hungry for meaning in their lives and are susceptible to the untested claims of self-styled religious "authorities."

Influence

Estimates of the number of fringe groups vary greatly, ranging from several thousands to a few hundred. There is little disagreement, however, that a few, perhaps three dozen, have had profound influence, aided by considerable media attentioo.

Though the study of fringe groups is relatively undeveloped, the appearance in recent years of such a vast, colorful spectrum of religious movements, from Eastern ashrams to Sufi communes, has launched a oew branch of academic inquiry, centered in California.

Finding definitions to distinguish certaio types of groups from others is proving difficult in the initial phases of the study. Many of the older categories are being scrapped and new terms are appearing.

The word "cult" is being increasiogly avoided, for example, because of its growing, exclusive associatioo with destructive forms of religion. "I'm trying to find other terms," said Dr. Robert Ellwood of the University of Southern California, "because 'cult' has lost its neutral sense."

Traditionally a "cult" was a group that departed from the doctrines of conveotional faith groups and often stood at odds with the values of the surrounding community. A "sect," by comparison, was defined as a group that broke away from a larger, more stable denominatioo in order to practice the tenets of the denominatioo more intently.

But the lines that demarcated "cult" and "sect" have blurred, and scholars have begun adopting catch-all terms, such as "new religious movements" or "emerging religions."

The Unification Church founded by the Rev. Sun Myung Mooo illustrates the difficulty of trying to pigeonhole groups. That movement, with an estimated 7,000 hard-core members, embraces elements of Christianity, Oriental philosophy and established denominational practice, including the founding of a well-equipped seminary.

Another example of the quandary is the cootroversial Southern California community called Synanon, which mingles teachings from Taoism, Ralph Waldo Emerson and the methods of encounter groups.

Various systems of classifying groups are being put forward in an attempt to better understand them. Dr. Frederick Bird of Coocordia University in Mootreal has elaborated one of the most detailed "maps" by dividing the groups into three categories.

Under this scheme, the "congregational" groups, such as Hare Krishna and the Divine Light Mission, stress strong commitment, worship of a "transcendent being" and the presence of a "prophet."

"Schools for learning," such as Yoga institutes and Zen centers, represent Bird's second category. Adherents are asked to learn a discipline, and there is no direct emphasis on a "supreme power" of any kind.

'Sacred Power'

The third type underscores what Bird calls the "sacred power" within and promises ways of tapping that power through self-enhancement. The practice of Transcendental Meditation falls under this category, as do groups such as the "Self-Realization Fellowship."

Dr. Jacob Needleman of San Francisco State College, one of the principal scholars in the West Coast center for the study of oew religions, delineates two main categories, the "evangelical kind" that is outward directed and the "psychological kind" that emphasizes an awareness of self.

"Most are attracted to the evangelical type," Needleman said. "We are a nation of doers, after all, and we lack a balance between action and the meditative side."

A mark of almost all thriving groups is the presence of a magnetic, inspirational leader who forges cohesion and serves as a focal point in the group's struggle to maintain itself, sometimes against sharp public opposition.

While history is replete with stories of small, ardent believers struggling to uphold certain convictions and establish a way of life, each age gives evidence of shifting trends and loogiogs.

Utopian

The early 19th century, caught in the throes of expanding industrial and social growth, spawned various forms of Christian perfectionist groups, Utopian communities and millenialists. Later in the century, there was a notable upsurge of groups such as Christian Science that promised healing.

"There has always been lots of religioo in America," Dr. Sydney Ahlstrom, professor of religious history at Yale, said. "I'm oot sure the quantity changes, but it flows in different channels."

A recent Gallup poll indicated that nearly 12 percent of the U.S. public had participated in some form of meditation or religious practice outside the traditional boundaries of Christianity and Judaism.

Ellwood estimates that the poll is not far off and adds that the perceotage has apparently remaioed the same for decades. "Many people are under the impression that the religous scene seems to be in great flux," he said. "But the greatest characteristic is its stability."

The qualities that make this age somewhat differeot stem from the tremendous increase in cross-cultural religious influences; particularly the spiritual teachings of Hinduism and Buddhism, and the changing yearnings of young people.

The typical fringe group's follower once tended to come from the lower economic classes and to be poorly educated. Most adherents these days are college graduates and middle-class.

Most observers attribute this pattero to a loss of an emotionally enriching family life and to the absence of authoritative adults who could provide models of maturity and faith.

The intense religious groups that capture the allegiance of many young people offer what Dr. Lowell Streiker, author of "The Cults are Coming," calls a "substitute extended family."

"Because of the family structure, the individual is not the focus of what is happening," he said. "But there is pressure to conform in order to get the approval, the tenderness the sense of belonging that the persoo wants."

Streiker believes that for a quarter of the followers the experience is a big step toward serenity, purpose and adulthood. The remaining three-fourths, he surmises, "realize they are no better off thao they were before and become disillusioned and embittered."

Like all varieties of consumers, the shoppers in the nation's iocreasingly diverse spiritual supermarket tend to go from ooe offering to another. Millions of Americans sample some religious groups and dabble with others, hoping to find new satisfactions.

Quest

But for an apparently significant oumber of young people, the quest leads back to basic religious sources.

"The basic issue is this," said Richard Quebedeaux, a writer who specializes in fringe groups. "The permissive society has created a strong hunger for strictness and discipline and authority. They are bored with materialistic society and out of this has come a search for oew meaning in life."

The most common reason for leaving, he adds, is that followers get "tired of being treated like a child," the reason they presumably had for going to the group initially.

Letters

Disappointed

Prof. Burns' two columns (IHT, Nov. 21-22) discussing political leadership are very disappointing to those of us who want to understand what qualities men or women oeed to become leaders, why people follow particular leaders or how people can tell a potentially able leader from a poor one.

In essence, Prof. Burn's main criteria seems to be good intentions, reflecting the higher aspirations of people generally. Others be characterizes as mere power manipulators. This seems a very strange dichotomy for a trained political observer because political leadership by its very nature involves the management of power.

The problem of leadership today "is not the mediocrity of so many of those in power" or the inability of people to "recognize true leadership" but the fact that people no longer automatically assume their leaders, or the government as an institution, can cope with the problems of today.

Prof. Burns' rather romantic view of leadership in making ethics an absolute condition of the use of the word "leader" seems both a semantic distortioo — Napoleon was a leader — and irrelevant to the current political scene.

ALFRED E. DAVIDSON.
Paris.

Black Page

As distressing as Watergate was, the involvement of our First Lady and Vice President Moodale io the horrendous holocaust in Guyana is, in my opinion, far worse; one of the most black pages in our recent history. The reactioo of my French friends is one of incredulous amazement and mine, as not only an American but a Democrat, of deep shame.

How can it be allowed for people in such responsible positions to accept aid from persons they don't even know and doo't even bother to check out so as to be informed with whom they are dealing?

I venture to say that none of us can even attempt to evaluate the ramifications of this ghastly episode which touches so closely so many wretched U.S. families.

JOHN COOPER.
Paris.

Ben's Kite

To paraphrase Ben Franklin as quoted by James Reston (IHT, Nov. 16): "I confess that there are several parts of James Restoo's editorial that I do oot approve. I can't consent because I expect better."

America's problems at the time of the Constitutioo cannot be compared to the present disaccord following the Camp David talks. I don't see how Reston can compare the uniting of states under one flag, as was the case then, with the treaty problems that beset two separate governments and cultures trying to formulate the terms under which they can live safely, separately and at peace. Egypt and Isrel are not uniting. They are simply struggling for peace. They are two nations under separate rulers, flags and creeds.

That Restoo compares them to the uniting states is half bad, but that he pontificates with words from Poor Richard is worse.

Unfortunately, Americans have a tendency to try to solve Semitic problems (and the world's problems in general) with homegrown U.S. wisdom. It makes more sense to draw profundities from Omar Khayyam, and leave Ben Franklin to fly his kite.

JUDITH MAIDENBAUM.
Zurich.

Chile Coverage

Your usually serious paper has been covering certain subjects concerning my country [Chile] in a rather ooexpected and amusing way. For two consecutive days (IHT, Nov. 11 and Nov. 12-13) we were presented with large photographs of some elegant old ladies attending an anti-Chilean meeting in Madrid. The which, by the way, apart from that social aspect, was a complete flop.

Now, we have been startled with a oew scoop (IHT, Nov. 15) concerning the supposed allegiance of our foreign minister, Sr. [Hernan] Cubillos, to the abhorred CIA. I take this to be part of a oew trend: In Europe, everybody is being accused of old Nazi activities; in America, apparently, connections with the CIA will do. At any rate, both accusations are enough to bring about the ruin of a man's political reputation . . .

Let us hope that the [International Herald Tribuoe's] oew trend will sooo give way to its traditionally less thrilling but more objective methods of information.

JULIO RETAMAL FAVEREAU.
Cultural and Press Attache,
Embassy of Chile.
Neuilly-sur-Seine, France.

Cairo, Cairo, Cairo

By Fouad Ajami

NEW YORK — There is a [multi]faceted struggle be[tween] President Anwar Sadat and Arab rivals. The one we hear of most is over the issue of war [and] peace with Israel. Two other[s,] deeper, cultural struggles: One [is a] struggle for and over Cairo itself, the last "real" city in the A[rab] world; the other is between cos[mo]politan Cairo's interpretation of [the] world and the more fundament[al]ist, sheltered outlooks of [the] deserts and provincial towns.

Arab Islamic history began [in] the Arabian Peninsula, for that [is] Islam's birthplace, the site of its [ini]tial simplicity and triumph. But [it] was in Cairo, more than anywhere else, that Islam fashioned a civiliza[tion,] made its peace with the wo[rld,] outwitted and outwaited [its con]querors, debated the great issues [of] the day. Cairo is home to the A[rab] Moslem world's leading univers[ity,] to its pre-eminent press. It is [also] the last major bastion of religi[ous] co-existence between Moslem [and] Christian Arabs. Lebanon [was] another, but it fell to the pas[sions] and fanaticism of its inhabita[nts] and to the schemes of outsiders.

If the Arab world possesse[d a] measure of political-cultural u[nity,] that unity was largely the work [of] Egyptians.

During the days of the Otto[man] Empire's tyranny, Cairo provide[d a] haven for the talented and the [dis]sident to think and interact w[ith] the world. Cairo and Beirut w[ere] the two places where mobile Ar[abs] — businessmen, students, intel[lec]tuals, conspirators — got to [know] one another. But it was Cairo [that] was the bearer of particular t[radi]tioo: There bourgeois, cosmop[oli]tan civilizatioo had its heyday [in] the Arab world.

Modern-day Arab nationali[sm] may have been conceived e[lse]where, but it was Cairo that ga[ve it] power and meaning. The Egypt[ian] film, book, university, and Egyptian teacher knitted togeth[er a] vast regioo of considerable dive[rsi]ty, colloquial Egyptian was po[pu]larized by films that were the [cul]tural diet of the overwhelming [ma]jority of Arabs. The Egyptian b[ook] was equally important to the sh[ap]ing of tastes and mores of [the] Arabs. Egypt's universities we[re a] magnet to Arab youth at a [time] when few Arabs could and st[ill] go to Europe and the Uni[ted] States. The Egyptian teacher, [just] as he did in a crowded sou[k,] sought to make a living as far [away] as the Arabian Peninsula [and] Algeria.

The lights of Cairo, like the lig[hts] of other metropolitan centers, [both] attracted and repelled. When [Col.] Moamer Qadhafi of Libya wa[nted] to play Bismarck and unite [the] Arab world, he wanted to red[o] Cairo: smash its casinos, [close] nightclubs, rein in women's li[ber]ation, institute Islamic law. [But] Cairo was too sophisticated — [too] compromised and lost, to use [the] Libyan president's language — [to] accept his ideas. This, of course, [is] an old theme: the puritanism of [the] desert reclaiming decadent urb[an] civilization and restoring the au[st]erity of tradition.

Intuitively, the Libyan presid[ent] understood Cairo's centrality; [he] realized that there was no rival to [it] in the Arab-Moslem order. In t[he] peninsula, meo with immen[se] wealth are busy trying to erect ma[s]sive and instant cities and sites [of] industrial power. They wish [to] combine the puritanism of t[he] desert with the technology of t[he] West. But the prefab houses th[ey] import will oot make cities, for [a] city is more than prefabs and ste[el] bars. What is pivotal are the habi[ts] of mind, the culture, the vibran[cy] — and those cannot be impo[sed,] duplicated or bought off the rack.

Damascus and Baghdad were th[e] seats of two Islamic empires, b[ut] they are large provincial tow[ns] today. The latter was sacked by th[e] Moogols several centuries ago an[d] has oever recovered its grandeu[r.] All this, in addition to the obviou[s] military calculus, must have figure[d] in the recent Baghdad summ[it] meeting that brought together Arab "moderates" and "rejectionists." I[f] Cairo was giving up on war, so the[y] reasoned, it must have been be[cause] of the appetites of the city, and so maybe an offer of $50 bil[lion] of aid would do it and bring Egypt back into the fold. Predict[]ably, Mr. Sadat turned it down.

Egypt, he confidently stated, can[not be] isolated and cannot be isolated.

Cairo is an authentic capital, a world in its own right, and not a shadow of something else. It holds up a mirror for other Arabs: In its successes or failures, its viability or troubles, they can see the harvest of much of their history and a great deal of their future.

Fouad Ajami, assistant professor of politics at Princeton University, wrote this article for The New York Times

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The Euromarket — 1978

Maximizing the Expertise for Solving Third-World Problems

LDCs Hire Bank Team To Learn 'Gimmicks'

By Carl Gewirtz

PARIS (IHT) — A few years ago, at what one commercial banker labels as probably the low point in the relationship between investment and commercial banks, officials of Dillon Read, acting as advisers to the government of Algeria, invited a battery of commercial bankers to their New York office.

"The setting was intended to impress," recalls one participant, "appropriately panel-walled with portraits of [former partners] Dillon and Forrestal. You get a pretty good conditioning as you walk through.

"Our hosts informed us that 'as advisers to the government, we're bere to negotiate a financing for Algeria.' At that point, the guy from Citibank got up and left, saying, 'When the Algerians want some money, tell them to call me. I don't have to sit here and have you guys tell me what the Algerians are going to do.'

"They were a bit beavy-handed," the participant says of the Dillon Read approach, "treating the commercial bankers like country boys."

Since then, with the external debt burden of less developed countries rising at a rate many experts consider alarming and with recurrent fears that a default by one or more LDCs could trigger a repudiation of international debts throughout the Third World, investment and commercial bankers have sheathed their competitive knives. The emphasis now is on maximizing the expertise at the disposal of LDCs to belp solve their problems.

This new mood of cooperation among banks extends not only across the boundary of investment-commercial banking, but within the investment banking field. The leaders in the rush of investment banks to change places at the negotiating table from face-to-face to shoulder-to-shoulder with would-be borrowers are three arch rivals — Kuhn Loeb Lehman Brothers-Lazard Freres of Paris-S.G.Warburg — sitting as a team.

New Mood

These banks, once the leaders of the Eurobond market, were dethroned by the "universal" banks of the Continent which, functioning as both investment and commercial banks, were able to underwrite and place more bonds. For a while, the investment banks also played the role of broker in the syndicated loan market — putting borrowers in touch with a consortium of banks. But the commercial bank lenders were quick to displace them, pocketing all of the commissions instead of sharing them with the "broker" banks.

Having moved as brokers to the middle of the negotiating table, it was natural that the investment banks should ultimately find themselves sitting beside the borrower, negotiating on his behalf with the lending institutions.

The Kuhn Loeb-Lazard-Warburg triumverate got started in early 1975 in Indonesia — in the wake of the near financial collapse of the state-owned oil company Pertamina. Helie de Pourtales, a Lazard partner, was trying to market the advisory service, telling all who would listen, including journalists, that this was the wave of the future for investment/merchant banks.

But it was the Indonesians who suggested a team effort. Warburg, which already had ties to the country, was the natural U.K. partner. Kuhn Loeb —known to the others as a willing sharer of business as opposed to, say, a Morgan Stanley, which is a "loner" — fitted in as the U.S. link because the other two banks knew they could work with

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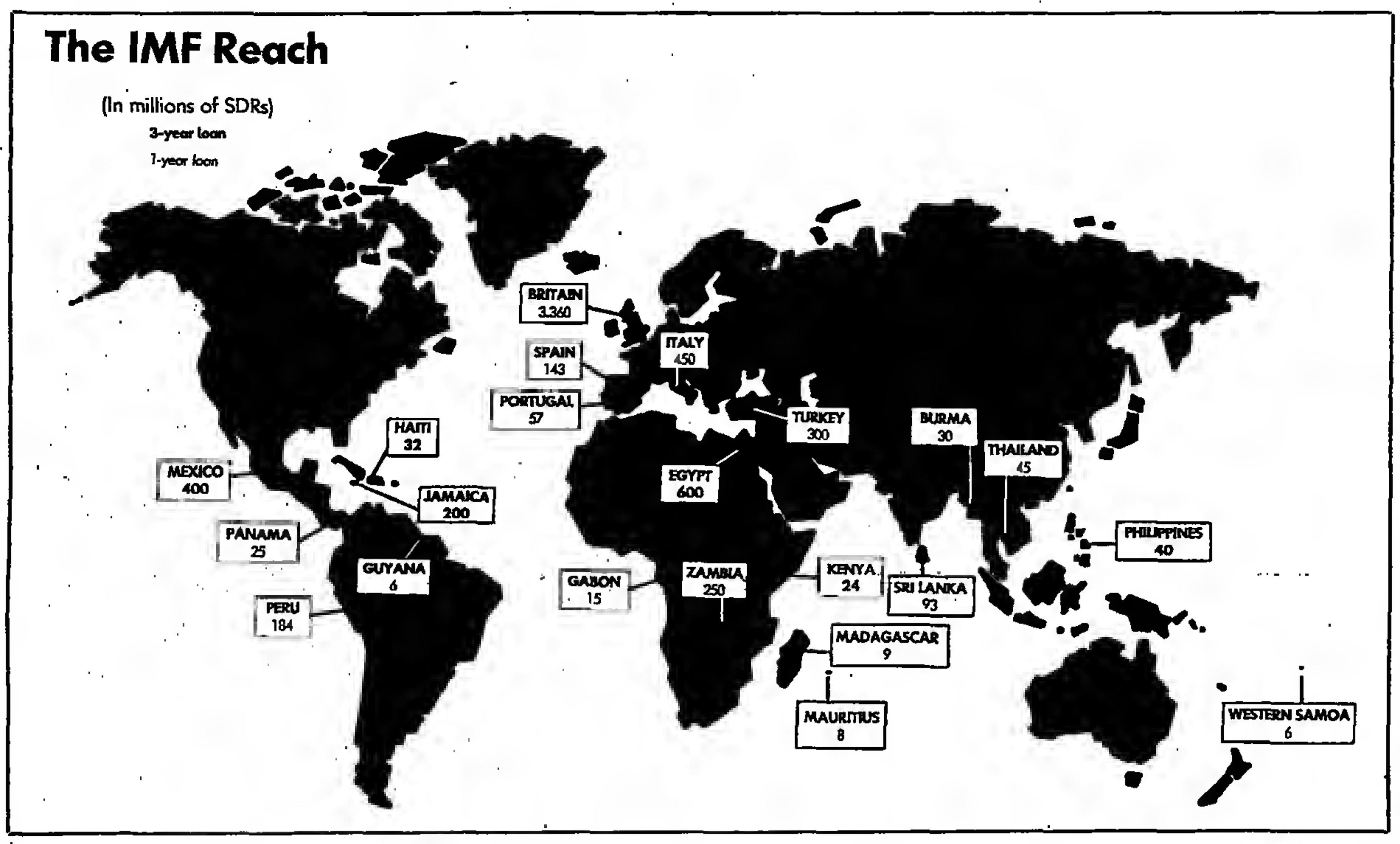

IMF: Belt-Tightening for Deficit-Plagued Nations

By Art Pine

WASHINGTON (IHT) — On a cloudy, tepid morning last February, the Zambian government announced a series of austerity measures that were destioed to crimp the nation's already-low living standard: The plan would include a major devaluation of the Zambian currency, a sharp cutback in government spending, and a spate of new taxes and import restrictions. It was hardly a program likely to prove popular.

Caught in a foreign exchange bind, the government was trying to negotiate a $305 million emergency line of credit from the International Monetary Fund, and the austerity program was the fund's price for the loan. The move was a harsh one, but the only other choice was to go hankrupt and live without vital imports.

This incident was not unusual, but it does serve to illustrate a point. The 130-nation IMF, whose job is to police the strained world monetary system, is gaining increasing power over its members' affairs — often, in the case of weaker nations, to the point of setting the terms of their domestic economic policies.

Besides the Zambian case, the IMF has forced stringent austerity measures in almost two dozen deficit-plagued nations during the last several years, ranging from Britain and Italy, in 1974 and 1977, to Honduras and Jamaica. What is more, international experts say its clout and influence are growing daily.

The question is, are IMF officials overstepping their authority in forcing weak countries to adopt stringent recovery programs? Some critics argue that the fund has been too inflexible, overly tough on developing countries and insensitive to the human hardships that its belt-tightening orders inevitably bring on.

Indeed, fund-mandated government austerity programs recently led to rioting in Peru and Egypt, with residents protesting their leaders' decisions to raise domestic prices. And diplomats from some developing nations regularly grouse that IMF officials demand more from smaller countries than from large ones. "If the hig countries resist," says one diplomat, "the fund disappears."

There are these criticisms:

- The fund's reliance on austerity measures to correct a country's foreign exchange deficit unfairly places the borrower in an economic box. The aim of the belt-tightening is to cut back on imports by slowing consumption. But the cutbacks almost always leave the borrower too weak to spur the domestic production needed to bolster exports — a no-win situation.

- Critics say the IMF too often hases its cures on the standard tourniquet treatment traditionally reserved for major industrial countries, without seeming to realize that developing countries — which do not have the same manufacturing hase — cannot bounce back as easily once the fund's dose of inflation has reduced their consumption levels.

- The IMF's harsh economic medicine too often is forced on borrowing countries without benefit of companion development grants, which would help ailing nations to strengthen their production capabilities. Although in some cases the governments seeking IMF credit also are able to obtain World Bank loans and bilateral aid, the total rarely is enough to ease the pain by mucb.

- Critics charge that the IMF's austerity measures more often ben-

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Investment Banks Clamber Back Into Management

By M.S. Mendelsohn

LONDON (IHT) — In the Eurocredit and Eurobond markets, investments banks have suffered the usual fate of pioneers. Having started both markets, they were edged aside by the big battalions of the universal banks. This is not suprising. More remarkable is the important but mostly unpublicized role that European investment banks have retained in Eurocredit lending and the enlarged part that U.S., Japanese and European investment banks have again come to play in the Eurobood market during the past two years.

The contribution made by European investment banks, mainly British merchant banks, to the beginnings of the Eurocredits market has oever been extensively recorded because the market itself attracted little pubbc attention or any statistical analysis worth mentioning in its early years. But during those years, important changes took place in market mechanics, which duly led to changes among lenders and borrowers.

The beginnings of the Eurocredit market go back to 1965 when controls on the export of capital from the United States forced U.S. companies to finance their overseas investments by borrowing abroad. They immediately became borrowers in the fledgling Eurobond market, but they also financed some of their foreign investment by means of medium-term Eurodollar loans. Those loans were readily supplied by U.S. commercial banks that followed their customers abroad, as well as by other international banks anxious to establish themselves in a new market.

But the banks were painfully reminded of the dangers of borrowing short (at fluctuating rates of interest) to lend long (at fixed rates) when the U.S. credit crunch of 1969 pushed up money market rates in the United States and the Eurodollar market by almost 300 basis points in the space of six months. Chastened by that experience, banks became generally unwilling to lend even to the strongest borrowers except at floating rates of interest, which have remained the market's most distinguishing feature ever since.

As a result of that important change in market practice, the composition of borrowers began to change. Many of those with sufficient credit standing and needs of a size encompassable by the international bond markets switched to those markets in order to retain the advantages of fixed-interest financing. At the same time, the protection that banks had obtained from the innovation of floating interest rates made it possible for them to provide balance of payments financing on a scale that previously would have been impossible — initially to Italy in 1970, to many developing countries as of the next year, and to all of the world's deficit countries except the poorest after the oil price explosion of 1973. The result was a decline in the proportion (although not the actual level) of Eurocredits going to corporate borrowers, down to about 20 percent this year from about 50 percent in 1970 and a probable majority during the uncharted late 1960s.

That change in the mix of borrowers was accompanied by a transformation in the compositioo of lenders. In the early years, the management (or arrangement) of Eurocredits was dominated by British merchant banks, which have greater freedom than their U.S. counterparts to engage in all kinds of banking business. They were quick to seize an opportunity to earn high-fee incomes on a small capital base, because they could usually count on placing with other banks up to 80 percent of any Eurocredit they arranged.

Commercial banks were originally willing to play the relatively passive role of merely providing funds. Most of them did not yet have the specialized personnel or established international connections to arrange Eurocredits themselves, and the new market provided an easy way of building up international loan portfolios and a elientele that was also international.

Even when the stakes grew larger, many commercial banks still hesitated to undertake the arrangement of Eurocredits themselves; in many cases their initial foray into this part of the business took place through consortium banks in which they owned shares.

It was only around the start of this decade that the management of publicized Eurocredits began to pass to the world's biggest commercial banks, and it was inevitable that this should have happened. They alone had the resources to meet the buge increase in the demand for credits, particularly from 1973. And having ooce acquired experience in the business, they saw no oeed to continue foregoing management fees to others.

Far more important was the need of the biggest lenders to protect their growing exposure by playing a more active part in the evaluation of borrowers, and the negotiation of terms and the supervision of loans by acting as Eurocredit managers themselves. And that, in turn, brought about another important change in market structure and practice.

In the earlier days, when merchant and investment banks had dominated the arrangement of credits, participations were parceled out in roughly equal amounts among commercial banks, all of which had nearly the same say in deciding terms to borrowers. But since then it has become customary in the market to talk of a "wholesale sector," consisting of large commercial banks that arrange credits, take the major sbare and

(Continued on Page 12)

U.S. Monetary Curbs Could Effect Market Expansion

By Frank Vogl

The regulators are now striving to identify concentrations of lending that seem large in relation to bank capital and country conditions, and they are carefully examining the internal procedures in individual banks for monitoring and controlling foreign risk.

WASHINGTON (IHT) — U.S. bank-regulating anthorities will oot seek to impose assorted rules and regulations on the Euromarkets. They will not strive to work with foreign authorities to create an intricate system of interoational cootrols on capital flows. They may, however, take domestic monetary policy measures to curb the foreign lending activities of U.S. banks, which could have a profound impact on the further expansion of the Euromarkets and upoo the future character and shape of these markets.

William Miller, the former industrialist who became chairman of the U.S. Federal Reserve Board earlier this year, has publicly expressed concern about "all those dollars sloshing about" in the international marketplace. He has suggested that it might be a good idea to work with other central banks to impose controls on the foreign assets and liabilities of commercial banks in an effort to bring tough regulation to the Euromarkets.

Mr. Miller is a novice in the central banking game and has negligible experience in international currency and credit matters. Men of greater wisdom and experience within the Federal Reserve System have candidly told the chairman that his ideas are misguided. He seems to have got the message.

For years commercial bankers and numerous central banking officials in the United States have studied the possibilities of imposing cootrols on the Euromarkets. If pragmatic systems could have been created, then they would have been, and they would have been implemented as well. This is what some of the members of the Federal Reserve System's open market committee have crisply told Mr. Miller.

In addition, these same officials have pointed out that the most effective way of regulating the Euromarkets lies in controlling the volume of dollars in these markets. This can be done in part by better management of U.S. money supply and the nation's balance of payments. It can also be done by striving to attract a substantial flow of dollars back to the United States.

Of course, the flow of dollars to the United States is directly cootingent upon the U.S. payments balance and domestic anti-inflation policies, but the Federal Reserve System does hope that the dollar flow can be influenced to a modest degree by purely administrative actions. It was this thinking that resulted some weeks ago in the elimination of reserve requirements on U.S. banks on their foreign borrowing. Central bank officials in the United States admit that this measure is of minor importance.

However, the scale of the Euromarkets and the problems caused to global mooetary stability by the rapid expansion of these markets, is a further influence on the education of Mr. Miller, and it is making him more and more aware of the urgent need to slow the growth rate of the U.S. money supply. Whether the Federal Reserve Board will succeed in this undertaking, consequently contributing to a slower growth rate on the Eurodollar market, remains to be seen, but recent credit-tightening moves in the United States do suggest new efforts on this front.

A directly related issue of utmost importance today centers on the rapid expansioo of foreign lending by U.S. commercial banks. One view within the U.S. government is that the U.S. balance of payments and the regulation of the Eurodollar market's growth rate could be improved if the authorities were to clamp down on the foreign lending activities of the banks. A different view now being expressed is that this foreign lending is vital to the health of the global economy and that curbs on this lending would not only produce critical situations for numerous foreign countries, but would also undermine world trade growth, possible reducing U.S. export opportunities.

Indeed, the regulatory authorities in Washington now appear to recognize that the risks involved in a brutal clampdown on U.S. bank lending overseas are simply too great. All the same, these authorities believe that the pace of lending should be slowed and that the foreign activities of the U.S. banks should be better supervised. On the latter point the prime concern is that the bealth of the U.S banking system could be endangered by the willingness of banks here to take undue risks in lending to foreign customers.

Cooperation

As the level of foreign lending by U.S. banks has increased in recent years, so the coocern on the part of the nation's banking regulations has risen, even though the regulators admit that loan losses in the domestic market have been far greater than foreign losses for U.S. banks.

The problems with monitoring foreign lending are deemed so complicated that in a rare vote for cooperation the three U.S. authorities — the Federal Reserve System, the Office of the Comptroller of the Currency and the Federal Deposit Insurance Corp. — have agreed to pool their resources and expertise.

So far these regulators have worked well together. They have not as yet forced many banks to curb their foreign lending activities; those that have been told to cut down have tended to be modest-sized institutions with abundant domestic financial problems. The regulators have formulated a set of guidelines for carrying out audits on the foreign loan portfolios of the U.S. banks, and they have also established the best reporting system of its kind in the world.

The regulators are now striving to identify concentrations of lending that seem large in relation to bank capital and country conditions, and they are carefully examining the internal procedures in individual banks for monitoring and controlling foreign risk. However, recognizing that their skills are limited, the regulators have decided against trying to formulate country credit ratings by themselves.

As the Federal Reserve System has ooted, "there is no precise way of measuring country risk, per se, or of assigning probabilities to potentially adverse developments in a country." Further, the examiners agree they bave neither the experience nor the ability to try to establish "a list of particularly risky countries to which banks would be told oot to lend."

The insights gained by the regulators on the foreign lending activities of U.S. banks is based in large measure upon a highly detailed questionnaire sent every six months to the largest banks in the nation. Some 124 banks have reported under this system, according to the latest published data for the period to the end of 1977.

The likely future actions of the regulators in this area can best be

(Continued on Page 16)

Euromarkets

More Selective Use of Human Rights Sanctions Is Foreseen

WASHINGTON (IHT) — When President Carter delivered his first big foreign policy address 18 months ago, one of his major themes was to renew his campaign pledge to "promote the cause of human rights." Outlining a new turn in U.S. policy, Mr. Carter indicated the United States would begin using its economic muscle to prod dictatorship governments into ending their oppression and political harassment.

The message was clear: If a foreign government wanted to operate as a dictatorship, oppressing basic human rights, it could do so — but without U.S. economic aid. Mr. Carter conceded that "I have no illusion that changes will come easily or soon." But he asserted the United States had to make the effort anyway, if only out of an obligation to exercise moral leadership.

Today, a year and a half after those Delphic pronouncements, Mr. Carter's human rights program has run up a decidedly spotty record, and the White House is in the process of trimming it back. Some experts estimate the United States has cut off as much as $10 billion in sales and aid because of various human rights "violations." But there is little to show for it in terms of foreign governments' reforms.

The impact of these human rights policies on the Eurocurrency markets has been modest, if even perceptible. Analysts say the major result of Mr. Carter's sanctions has been a minuscule hold-down on exports, contributing in some measure to the burgeoning U.S. trade deficit. But they dismiss the total as too small to count for much.

In fact, officials concede that in a good many cases the cutbacks — while nobly intentioned — have proved counterproductive. As with any sort of cutoff threat, once the United States has decided finally to end trade or aid to an oppressive-seeming regime, it loses most of its influence over that country's policies. And in many cases, the country just buys the same goods elsewhere.

Indeed, some critics charge that, if anything, the policy seems to have hurt the United States more than it has damaged the target countries. There is a growing feeling here that the White House intervention has given the United States an image of not being a reliable exporter — a dangerous notion for any nation to work under. U.S. business has complained bitterly, and it is getting the president's ear.

And despite Mr. Carter's own determined commitment to his human rights stance, the policy is not universally popular at home. Conservatives have made no effort to hide their conviction that outfront human rights confrontations too often run the risk of backfiring, merely prompting countries to dig in further rather than concede to any reforms.

Critics argue that the kind of low-profile "quiet diplomacy" practiced so often by former Secretary of State Henry A. Kissinger gets more results in the end by prodding "violators" to change than Mr. Carter's open-confrontation tactics, which embarrass and anger the home government. Mr. Kissinger's success in prompting the Soviets to liberalize emigration laws is an example.

The conviction that it is time to revise the human rights policy is shared by virtually all top foreign and economic policy officials. But policymakers warn that the United States is not likely to scrap its human rights policy entirely but will use it more sparingly. Uganda is not likely to begin receiving U.S. aid again anytime soon. But a factory project in South America may not be blocked.

"What has happened is that we've tried to use economic leverage to do too many things, and the president and others are beginning to realize it," says one observer close to the situation. "The problem is in finding the right sort of balance. Right now, it's obvious that the pendulum has shifted too far in one direction. But we're not sure where it should come out."

What changes do occur probably will not affect either Mr. Carter's own rhetoric or the administration's basic philosophy that the government should continue its evangelism in the human rights field. Experts say that Mr. Carter still will speak out generally about the human rights issue. But officials will be more selective in attempts to threaten cutoffs of aid or sales.

This basic shift in U.S. policy already has begun to show up in major administration decisions during the past couple of months:

• Last month, Mr. Carter personally reversed an earlier White House decision to deny export credits for the sale of machinery to Argentina by the giant Allis Chalmers heavy-equipment manufacturing company. As one official put it later, "It has been a mistake all along to let the element of human rights creep into exports. What do we do if someone else sells them the same stuff?"

• Last summer, the administration approved a controversial $144 million deal negotiated by Dresser Industries of Dallas, Texas, to sell the Soviets a modern plant for making sophisticated bits for oil-well drills.

For all the hullabaloo about the administration's human rights policies, the flap may be overdone, at least if the cost estimates for the program are accurate. Of the rough $10 billion figure cited for the overall economic impact, only about $500 million actually is attributable to cutoffs that Mr. Carter has ordered on his own.

The rest stems from cutoff actions mandated separately by Congress for such diverse purposes as countering the Arab boycott of Israel, Palestinian terrorism, enforcement of U.S. nuclear nonproliferation goals, cracking down on corporate bribery, denying strategic information to potentially unfriendly nations and other issues.

Indeed, the notion of withholding U.S. sales or aid for "human rights" grounds actually goes back before Mr. Carter's administration, to the controversial Jackson-Vanik amendment in the 1974 Trade Act. That rider, designed to meet domestic protests over Soviet emigration policies, denied most-favored-nation status — and export credits — to the Soviet Union until it eases its restrictions.

In succeeding years, Congress added a spate of new human rights riders to major trade and economic legislation, ranging from an anti-Arab-boycott law in 1976 to a half-dozen attempts in the House and Senate to withhold U.S. contributions to the International Monetary Fund and World Bank if either institution granted aid to a dictatorship country. Most of these failed.

Since then, outside experts estimate the United States has suffered more than $1 billion in export losses from the Jackson-Vanik amendment alone — and similar amounts each under the Arab boycott, strategic exports, bribery and nuclear non-proliferation statutes. Mr. Carter's human rights ventures have amounted to small potatoes by comparison.

By far the major economic impact has been on trade. The United States actually has withheld relatively little of its foreign aid on human rights grounds. And experts say the human rights initiative has had only scant effect on investments and banking. Only a few private transactions have been blocked, although the moves have made headlines when they have come.

The trade and economic cutbacks have affected countries in almost every part of the world, but the bulk, by volume, has involved the Soviet Union, the Middle East and South America. The only major cutoff affecting Europe's Eastern bloc, for example, has been the withholding of credits to Romania for the purchase of U.S. agricultural products.

What has caused officials to rethink the human rights policy is the same set of considerations that critics predicted earlier would force the administration to retrench from its original plan: The broader human rights effort has proved difficult to administer effectively, and from a sheer economic point of view it is too costly.

Cutbacks

Mr. Carter's original notion was to use the human rights economic cudgel essentially at the administration's discretion. Whenever policymakers wanted to exert pressure on a dictatorial government, they simply would order a cutback in trade, aid or export credits. While some countries might not react, U.S. economic power would most likely force some visible results.

In some instances, the cutbacks have served effectively enough simply as a statement of protest in the face of what officials knew in advance would be an impossible situation. The White House recently blocked the sale of a Boeing 707 to Uganda, for example, at not great cost to either side. And it cut off help to Libya as a protest against Palestinian terrorism.

But in other cases, the cutoff efforts have backfired and have hurt U.S. interests more than those of the "violator" country. Officials concede it has done little good to withhold U.S.-made tractors from a dictatorship when the regime can buy them easily from another nation that manufactures similar equipment. It is only the U.S. tractormaker who actually suffers.

Similarly, White House insistence that U.S. firms selling abroad follow the same stringent environmental and safety standards that Congress requires for sales in the United States has prompted widespread complaints by businessmen that the rule would not enable them to compete with foreign manufacturers, who are not subject to such regulations.

Moreover, the human rights policy has been carried out so haphazardly that many businesses complain they have no way to be sure in advance whether a sale will be challenged. Experts say the uncertainty has affected both sellers and would-be buyers — dampening the emerging new U.S. export push. Some small exporters have become discouraged and have stopped trying. And buyers are now wary.

Reassessment Due

These economic considerations have been heightened by the recent deterioration in the value of the dollar, which is based in part on the U.S. trade position.

Indeed, the administration itself has had its problems with would-be human rights advocates in Congress. Congressional efforts to hold back U.S. military sales to Turkey, in part on human rights grounds, prompted the president to complain loudly that the lawmakers were tying the administration's hands on foreign policy. Congress finally relented and restored the aid.

And despite Mr. Carter's own hard-line stance on some issues, the White House opposed Capitol Hill attempts to tack on human-rights amendments to bills authorizing U.S contributions to various international financial institutions such as the IMF and World Bank. Treasury officials warned that the restrictions would result in chaos.

Just how far the administration will retrench remains to be seen. Although policymakers have not set down firm ground rules yet, the speculation here is that the revised policy will reflect substantially more discipline that the administration has exercised before. In a word, Mr. Carter will carefully limit his shots to those with particular symbolic importance.

Meanwhile, the administration's plan to use its economic muscle to accomplish human rights goals appears headed for the same sort of leavening as other Carter campaign themes in recent months. As one official put it, "It's a lot more difficult to carry out these things after you're in office than to propose them during a campaign."

—A.P.

The Great 1978 Lead-Manager Shuffle

PARIS (IHT) — There was a considerable shuffle among banks in the "league" table of lead manager of publicly listed Eurobonds this year with five banks dropping out of the top 15 (plus one merger) and six new entrants.

The top five were the same as last year with the newly-merged Credit Suisse First Boston and S. G. Warburg, which supplied the data for the accompanying chart, the only merchant banks in the first rank otherwise dominated by the West German "universals."

The most notable shift was the position of the Swiss. Union Bank of Switzerland dropped to 11th place from No. 6 last year and Swiss Bank Corp., which held ninth place last year, failed to make the top 15.

The Swiss note that more than half the total volume of Eurodollar bonds this year has been in floating rate notes — instruments for which they say they see no broad-based retail demand. By contrast, Credit Suisse First Boston, 40-percent-owned by Switzerland's third largest bank, has played a leading role in bringing such issues to market.

The Swiss also note that their clientele were not buying dollars this year and that they were active co-managing issues denominated in Deutsche marks (only West German banks can lead-manage DM issues).

Morgan Stanley was another casualty, failing for the first time to make the list at all (nor did it make the top 15 as lead manager of only dollar-denominated Eurobonds). A year ago it held seventh place.

LEAD MANAGERS OF LISTED PUBLIC ISSUES, ALL EUROCURRENCIES

		No. of Issues	Vol. In Mil. Dlrs.
1.	Deutsche Bank (2)*	34	2802
2.	Westdeutsche Landesbank	21	1154
3.	Credit Suisse First Boston (1)	16	920
4.	Dresdner Bank	13	727
5.	S.G. Warburg (3)	14	709
6.	European Banking Co. (4)	7	380
7.	Commerzbank	5	313
8.	Banque Nationale de Paris (7)	8	308
9.	Credit Lyonnais (15)	4	304
10.	Orion Bank (5)	3	300
11.	Union Bank of Switzerland (6)	3	299
12.	Dillon Read Overseas (8)	4	225
12.	County Bank (9)	1	225
14.	Societe Generale (10)	3	205
14.	Hambros Bank (13)	4	205

* Figures in parenthesis represent standing as lead manager in dollar issues only.

(Source: S.G. Warburg)

This investment bank dominated the market in the early years through 1971, when it began to cede ranking to the Continental "universals" that house commercial and investment banking operations under one roof. This was the first full year of the firm's secondary-market trading, which it says has been profitable on a volume that exceeded expectations.

It attributes the decline in its new-issue business to slack demand from corporations in North America and Australia, its major areas of activity, as well as to the fact that issues it did bring were mostly private placements. Those public issues it did lead tended to be in the Yankee market in New York.

Also missing from this year's league table are Amsterdam-Rotterdam Bank, Kidder Peabody and Morgan Grenfell.

The newcomers to the list included European Banking in sixth place, Banque Nationale de Paris as No. 8, Credit Lyonnais in ninth place, Dillon Read and County Bank vying for 12th place and Societe Generale, tying for last place with Hambros.

The ranking of County Bank, the merchant-banking arm of National Westminster, which led one issue for its parent, caused bankers to comment on the "unrepresentative" nature of this year's list due to the tribulations of the dollar.

Last year, for example, the least number of issues managed among the top 15 was five. But it should also be noted that Morgan Grenfell pulled up the bottom of last year's top 15 with the equivalent of only $188.2 million compared to this year's minimum of $205 million.

The accompanying chart, in addition to listing lead mangers in all Eurocurrencies, also shows the ranking, marked in parentheses after the bank's name, as lead manager of Eurodollar bonds. Three numbers are missing as the banks did not qualify for the wider all-Eurocurrencies list.

These included Kidder Peabody, which took 11th place; Chase Manhattan Ltd., in 12th place, and Dean Witter Reynolds, which was 14th.

Kidder was lead manager of five issues worth a total $200 million. Chase led three issues worth $195 million in all and Dean Witter Reynolds brought two issues worth $125 million to the dollar market.

—C.G.

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Are the Russian Bankers Doing More than Lending Money?

By Bernard Wideman

SINGAPORE (IHT) — The Soviet Unioo's Moscow Narodny Bank, with bome offices in London, has been doing busioess in Southeast Asia since 1971 through its branch office in Singapore. Since 1975, more and more tales have surfaced about the sort of business the bank does. A oumber of governments in Southeast Asia have reacted with varying degrees of alarm to the disclosures, and those concerned have acted to rein in the bankers from Moscow.

Western views of the Soviet Uoion have changed coosiderably since the Cold War days. But in the eyes of the Chinese, "Social imperialism" is the greatest threat to the world today. Chairman Hua Kuofeng and his team of pragmatists have embarked oo their own containment policy to try to keep the Soviets out of the Third World — especially South and Southeast Asia.

So imagine the surprise and anger on the part of the Chinese when officials in Peking learned that the Soviet Union had become the holder of a mortgage oo 66 million square feet of China's territory.

The land was on Lantau Island, part of Hong Kong. As one Chinese source says, it was "a perfect place to set up an espionage post for spying on Chinese shipping coming and going through the Pearl River" to Canton.

The tract of underdeveloped land fell to the Moscow Narodny Bank (MNB) as the result of a loan default by a Hong Kong Chinese by the name of Wong Wing-cheung, known as Eddie Wong.

Eddie Wong had taken loans of some $20 million from the Moscow Narodny Bank's Singapore brancb between 1971 and 1975. The loans were taken principally by Mr. Wong's Pacific Atlantic Finance Co. (Paclantic), a Panamanian corporation, and were secured by 83 percent of the shares (390,000) of Mr. Wong's Hong Kong Resort Co., which shares were held by Paclantic. Hong Koog Resorts had been given the large tract of land on Lantau Island by the Hong Kong government in exchange for other parcels of land. His project, as accepted by the Hong Koog government, was to develop the tract into a buge resort complex.

Not Involved

In October, 1976, a financial newsletter in Hong Kong, Target, prioted a story about Eddie Wong's connection with MNB. The publisher of Target, Raymonde M. Sacklyn, said in an interview that his publicatioo is subscribed to by Peking officials and that they had previously expressed interest wben he had written about MNB. The following month, the Hong Kong government requested that Mr. Woog state *in* writing whether or oot Soviet *money was involved in* his Lantau Island project. According to informed sources in Hong Koog, be stated that Soviet money was oot iovolved.

Stories about the MNB connection, however, continued to appear in the press, including the Chinese government's New China News Agency. In April, 1977, tbe Hong Kong government placed the Wong company in receivership, on the reported basis of a few complaints by employees of Hong Kong Resorts that they were not receiving their pay on time. Then, on May 11, 1977, the Hong Kong Supreme Court ordered that ownership of Hong Kong Resorts be transferred to the Russians, on the basis that Paclantic had defaulted on its loan. MNB thus beld 83 percent of the shares of Hong Kong Resorts. But they did not hold the sbares for long.

In a quiet move by the Chinese and the British authorities io Hoog Kong against the Russians, MNB was forced to sell the shares at a loss to a Hong Kong group. The feeling in Hong Kong is that the Russians were made to uoderstand that their presence oo Chioese territory would not be tolerated.

The Hong Kong group that was put forward by the Briosh authorities in Hong Kong was a shelf company called Thornleigh Ltd., which was taken by a textile magnate named Cha Chi-ming and a land developer named John Wu. The principal figure is Mr. Cha, who is known to be close to the Peking government.

On May 30, 1977, with oo other known bidders competing, Thornleigh Ltd. bought the Wong shares from MNB for HK$30 million (U.S.$6.5 million). The shares had originally secured a loan of U.S.$20 million, and should have been valued in the neighborhood of HK$92 million. The land value is independently estimated to be U.S.$100 million, or HK$460 million. Most people consider that the HK$30 million purchase of the cootrolling share from MNB by Thornleigh was a giveaway.

John Wu, the Thornleigh partner, said in an interview that the money was paid to MNB director V.V.Gerashchenko (one of the parent bank's seven directors and concurrently the head of the Singapore branch) in the office of the bank's lawyers in Singapore while the shares were being turned over to the Hong Koog buyers by the bank's lawyers in Hong Kong. Thus ended a fortnight of Russian ownership of part of China. (Eddie Wong bas since brought suit in London against MNB.)

And that was only a single case. There are many others that are being looked into by the Hong Kong authorities, as well as by other governments in Southeast Asia. Authorities in Malaysia, Iodonesia and Singapore are looking into Russian loans to their nationals.

The entire episode was quite embarrassing to the British authorities in Hong Kong, wbo are aware that they cootrol the island colony at the sufferance of, and in trust for, China.

The irony is that Britain allows MNB's bome office to fuoction in Loodon but is uowilling to allow an MNB presence — even in the form of loans — in its Chinese colony: In short, the British authorioes in Hong Kong will be unfriendly to the Soviet Union and to Hong Kong businessmen using Russian money. A Soviet ship captain put it well in a published comment: "The climate in Hong Kong is warm, but the welcome is cool."

The atmospbere *is* cool, and is getting cooler. In 1977, only five Russians (of 19 wbo applied) were granted visas to visit Hong Koog. So far in 1978, only two Russians have beeo given visas. Previously, eight to ten Soviet ships per year would be overhauled in Hoog Kong. In the past half year, not a single Russian ship has beeo overhauled in the Crown Colooy.

East Europeans and Cubans are also kept at arm's length, although oot so severely. In this group so far 161 persons have been given Hoog Kong visas in 1978. But 261 applicants have been rejected. The Vietoamese are now regarded with suspicion since they have begun to side with the Soviet Union in the Sino-Soviet rift. Vietnam's trade hureau in Hong Kong was recently booted ont of its offices in the Bank of China building.

Britain was granted Hong Kong, and later Kowlooo and the leased New Territories, by the tottering Ch'ing Dynasty through disastrous treaties and indemnities drawn up during the 19th century. Although Britain was apprehensive over the security of the eolony during the first two decades of Communist rule in China, it has become clear, especially in post-Mao China, that Peking is glad to have the foreign enclave at its doorstep, mainly for business reasons.

But Britain knows the rules of this new gentlemen's agreement. Possibly the most odious rule to the outside observer is the agreement that the British authorities will return to China any refugee caught in the act of crossing over to the colooy to seek asylum. (Those who make it to the urban areas are left alone.) On the other hand, Viet*namese refugees are accepted.*

How Moscow Narodny Bank almost spoiled this barmonious relaoonship is something that British officials are loath to talk about. A spokesman for the eolonial government said that "it's a highly sensitive political thing. . . (and) any commeot would have to come from Whitehall."

Most discussion, informal and in the press, on the MNB connection with Hong Kong has focused on the questioo of wbether or oot the Russians were up to something other than lending money. A Chioese official in Hong Kong believes that they were, and are. "The Soviets are devious," be says, and leaves it at that.

Sources say that at least 20 Hong Koog business groups have accepted loans from MNB. They are being tracked down by the authorities. To date, the only Hong Koog entity besides Mr. Wong's Hong Kong Resorts to be put on the block is Amos Dawe's Mosbert Holdings Ltd.

Mr. Dawe was given by MNB some U.S.$60 million in loans from 1971 to 1975 which be used, oo instruction of MNB, for buying up a wide assortment of companies. In an interview in Target in 1976, he said, "I did oot know that the Russians were using me and my companies to get into Hong Kong, Malaysia, Indooesia, Australia and America."

Hoog Kong authorides had put his company into receivership earlier that year after MNB cut off further funding.

A Soviet journalist here stoutly denies that MNB [Moscow Narodny Bank] was hatching a sinister plot by making shaky loans secured by real estate. . .

The man wbo made Mr. Dawe a milliooaire is Teo Poh-kong. P. K. Teo, as be is known in banking circles here in Singapore, was the man whom the Russians chose to manage their Singapore branch when they opeoed shop in 1971. He bad worked with the Bank of China, the Bank of America, and United Overseas Bank. Mr. Teo was looking for a new positioo wben MNB approached him, and be accepted. In a few years he expanded MNB operaoons to make it the ehief lender amoog all banks (local and foreign) in Singapore.

Mr. Teo was let go by MNB in 1976, following representations made to the bank by the Singapore government.

According to sources, the Singapore authorities — through the Monetary Authority of Singapore (MAS), which operates like a ceotral bank — did oot like the pace of the bank's lending operations nor the fact that a large percentage of the loans were secured by real estate (some estimates say 85 percent). By the end of 1975, MNB was calling in bad loans and losing money in the process. Profits bad sunk to S$4 million (U.S.$1.9 milliou) in 1975 from S$14.7 million (U.S.$6.8 milliou) the year before. Last year they were down to S$66,212 (U.S.$30,796).

A deal apparently had been struck between MNB and MAS, hut what the specifics of this deal are is not publicly known.

It seems clear, however, that as part of the deal MNB had to set up a provisional fund for bad debts and MNB was encouraged to slow down its lending operations, trim its portfolio of risky loans, and sell off properties taken by default. This is what MNB has been doiog in a complete reversal of its earlier behavior. P. K. Teo was told to go on leave in January, 1976 (he was officially let go in February, 1977), and the Russian director of the bank, V. I. Ryzhkov, resigned and returned to Moscow.

As MNB forecloses on some of its more lackluster customers, MAS is bringing pressure on the bank to sell the properties. One such case was Consolidated Hotels in Singapore, which defaulted on a U.S.$10 millioo loan from MNB. According to sources, MAS put on pressure, and the hotel group was sold by MNB to the Overseas Chinese Banking Corp. (a Singapore bank). These sources say that MAS is still pressuring MNB to get rid of the Cockpit Hotel, which was taken over upoo default of a loan of some S$125 millioo (U.S.$58 millioo). MAS is also closely watching the troubled Lucky Plaza (the premier shopping complex of Singapore) whose pareot Far East Group is reportedly having difficulties repaying a S$250 million (U.S.$116 million) MNB loan. The head of the Far East Group, Ng Teng-fong, is also under investigation in Hoog Koog wbere his Sino Realty is suspected of having used some of the loan.

Russian Ships

Unlike Hong Kong, Singapore has not gooe on an all-out MNB witch-hunt. Russians are welcomed in Singapore, and 40,000 Russian merchant seamen come ashore here annually. Although trade between Singapore and the Soviet Union is negligible, an average of 60 Soviet ships per mooth visit this busy port for bunkering and provisioning. In addition, 25 ships each year are overhauled in Singapore shipyards. However, wbeo the Russians recently asked for their own fuel dock, they were turned down by the Singapore government. The government here does not appear oervous over the presence of 50 Soviet officials, although they do keep an eye oo developments.

The MNB branch in Singapore is one of only two branches (the other is in Beirut) outside of the London home office. Whereas the Loodoo office was set up in 1919, the Beirut office was not set up until 1966 (following Soviet forays into Mideast politics), and tbe Singapore branch only in 1971 (following Chairman Leonid Brezhnev's 1969 policy statemeot advocating a zone of collective security in Asia).

Assets of the Singapore branch were S$116 million (U.S.$54 million) at year-eod 1971 and bad risen to S$5.17 billion (U.S.$2.4 billion) by the end of last year, whieh accounted for the hulk of assets within the entire MNB system. Outstanding loans stood at S$1.78 billion (U.S.$828 million) at year-end 1977, down from S$1.95 hillion (U.S.$907 millioo) the year before. Singapore bankers believe that some S$600 million (U.S.$279 million) in loans to Singapore borrowers will bave to be written off as had debts. They also believe that MNB has already picked up some one million square feet of Singapore real estate on default of some of these loans.

The figure on bad debts to Hong Kong borrowers would be somewhat less, so the grand total io loan losses would be about U.S.$500 million. Some sources believe that the figure could well be higher.

High Interest Loans

Singapore bankers point out that MNB enticed prime customers from other banks by offering cost-plus loans and that they funded risky customers with high-interest loans. Although the authorities have oever divulged the ioterest charged by MNB, some sources offer figures between 12 and 16 percent.

As MNB's problems became known, bankers here shied from granting fresh loans to the Singapore branch. A few banks still extend credit to the Russians, but, as one banker points out, ooly for three months at a time, and at very profitable interest rates. To make up for its lack of local deposits and lack of interbank borrowiogs, MNB has had to borrow funds (believed in the neighborhood of U.S.$650 million) from the London home office, which funds it uses interest-free. Meanwhile, the bome office increased capitalization from £8 millioo in 1974 to £40 million in 1978.

How MNB got into such a situation is a question that is open to debate. A Soviet journalist here stoutly denies that MNB was hatching a sinister plot by making shaky loans secured by real estate, and he puts the blame oo P. K. Teo. Some bankers, oo the other hand, believe that the Russians wanted to expand their influence quickly, and that P. K. Teo was the man to take them where they wanted to go. This line of reasoning continues that the ambitious lending program could have gooe oo had property values not plummeted in the 1974 recession and had the bank's heavy involvement with the overseas Chinese community not become so widely known and so quickly pounced upoo by the governments concerned.

At any rate, tbe bears have now taken over the bank, both in financial and naoonal terms. As one Singapore staffer at the bank put it: "Mr. Teo was not replaced by another manager. The Russians run the bank oow." Io the opinion of many, it will probably be a long time before MNB agaio tries to be the Santa Claus for Southeast Asia's overseas Chinese businessmen.

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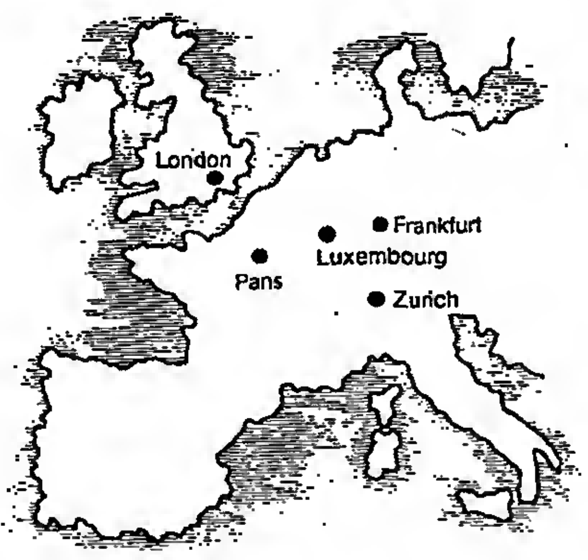

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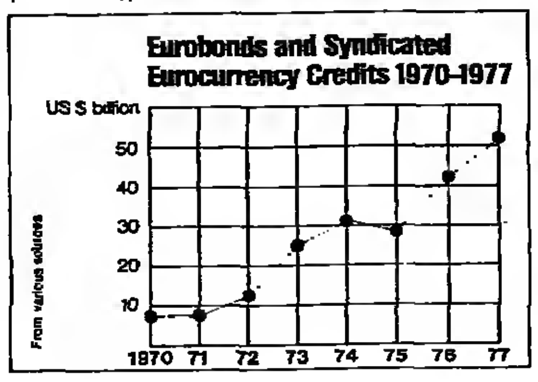

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Dott. Raimondo Eruzzi

HIGHLIGHTS OF OUR BALANCE SHEET FOR 1977: (In billion Lit)

DEPOSITS AND LIABILITIES	
● Customer deposits	1.321
● Due to banks	168
● Others	174
LOANS	
● Customers	595
● Dua from banks at sight	190
● Others	235
● Compulsory reserves with Banca d'Italia	183
GOVERNMENT AND OTHER SECURITIES	480
CAPITAL, RESERVES AND FUNDS	57

CREDITO COMMERCIALE
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Euromarkets

Banks Are Now Working Together, Maximizing Expertise. . .

(Continued from Page 7)

it. The team's clients now include Ghana and Sri Lanka as well as such other financially troubled countries as Turkey and Gabon.

Overkill

Three investment banks working jointly appears at first to be a form of overkill. But there are advantages besides the obvious one of having a representative in the world's three major financial markets — most notably, the advice of three is hard to attack. The client governments can defend themselves against domestic critics by saying the advice they have received is the consensus of U.S., U.K. and French banking experts — that is, the best counsel available — and at the same time defuse any sentiment that experts of ooe nationality are exerting undue influence.

The partner banks are also protected from backbiting by competitors, who would be less likely to criticize the collective opinion of three rivals than if only one bank had been engaged. In addition, the burden of supplying the expert manpower is divided among three institutions, and cootacts can be more easily maintained with development-aid banks or lawyers or others in the three key financial centers of the world.

Another benefit to the partner banks is that they can rest assured that no ooe can dare try to score points off the others, although colleagues report that it took a while for them to learn to work together. "Each tried to impose its own views oo the others. It was a bit chaotic in the beginning," as one of them said.

Now, one of the principals remarks, "there's a group pressure not to try to pull the blanket from under the others, because you know you'll always have the two others against you if you try."

But as an outsider notes, "There's no advantage in outscoring on points because the fees are divided up equally."

Relaxed

Their relationship is sufficiently relaxed that the partners feel oo oeed to all be preseut at the purely ceremonial functions, where showing face usually counts for a lot. Much to the surprise of commercial banks, for example, only Lazard Freres showed up at the signing in Paris when Gabon officially completed the arrangements for new loans of 370 million French francs and $80 million.

"It really wasn't necessary for the others to show up," one of the participants comments, "but it is a sign of an absence of ferocious internecine warfare."

"The relationship is such that the questioo of competitioo does not arise," one of the principals explains. "We three have no conflict of interest with any of the client governments; we are entirely on the side of the borrower and there is oothing to gain by competing, we're not competing for business."

One admiring professional who has seen how the team works observes that "they seem to understand that unity is strength. I've never heard any sharp comments by one against the others. . .It's a smooth operation, like a well-greased wheel and all the spokes realize they're in the same wheel."

So warm is the relationship that Warburg, approached by Sri Lanka to become its adviser, convinced that government to employ the triumverate to advise on how best to attract foreign investment and how to go about tapping the international market. The three skirt the qnestion of whether they would accept such business alone. "We are content to see it develop on this basis and prepared to go along," they say.

The three refuse to talk in public about what they do and how they do it, citing "the highly privileged and confidential nature" of the work and their obligation not to discuss their clients' affairs without specific authorization to do so.

Selling a Service

Their basic approach is that they are selling "a service, not our time." As a result, the sharing of responsibilities is not always necessarily equal.

Their criterion of satisfaction is that, "taking one six months with another, we all are left with the feeling that each one puts in an appropriate amount of work. If you're going to have time sheets, it's not going to work.

"The essential thing is that at any moment we can produce an adequate team among us. It doesn't much matter whether its three representatives from one of us, two from another and one from the third, or whether one stays [in a client country] six weeks and another three weeks," one of the principals says.

Conflict of Interest

The service they offer is not in competition with the International Monetary Fund and the World Bank on the ooe hand or economic "think tanks" on the other, the senior principals stress. "We are at the service of the governments, advising them how to put into practical terms" the economic targets they have established or the IMF has imposed, one of them explains.

"The IMF-World Bank," another says, "are intergovernmental institutions with their own statutes, rules of procedure of which the client country is a member and therefore has certain rights and obligations regarding them. They will very often stand in a financial relation to the country concerned. We do not. We have deliberately said from the beginning that in all cases we ourselves would not participate in financings to avoid any possibility of conflict of interest arising.

"Academic economists," he goes on, "have a complete degree of independence of the authorities. We, as practical bankers, however independent, cannot detach ourselves from their problems. We live their problems as a doctor lives with his patient's problems."

But the telling point is that "academic economists cannot provide that link with the financial community which we can. We approach [the client country's difficulties] from the point of view of what will the big money banks say, under what conditions will they be prepared to do a large syndicated credit, under what conditions could the country hope to go to the capital market. . . and what sort of conditions private investors are looking for."

Left out of this discussion is the advisory service that big commercial banks are willing to offer. But as they are the ones who have put up the billions of dollars of loans syndicated in the Euromarket for LDCs, they are stained with the conflict of interest. Investment banks are essentially financial intermediaries, underwriting securities intending to place them with investors, and they generally do not commit their resources to financing government loans or projects.

This is such a sensitive issue for the triumverate — who want to be seen as being 100 percent on the side of their national clients and not among their creditors — that the three banks did not participate as either co-managers or underwriters in the recent public 100 million Deutsche mark Eurobond issue for Indonesia. Normally, banks with close ties to a government play a prominent role in its public issues.

'Holier Than Thou'

Commercial bankers are wary about how the triumverate plays this "holier-than-thou" trump card.

"I always felt there was a role to be played by the investment banks as advisers to governments," says a U.S. commercial banker based in London, "if they do it in an honorable way and don't just get the job by downgrading and bad-mouthing the commercial banks by saying, 'Look, you guys aren't going to get a square deal from the commercial banks because they're out to get the highest fees and the highest spreads they can.'

"Banks who sell [their services] on that basis in the end are going to end up without the deal," he says, because "then you have an adversary relationship with the lending banks" that ultimately will refuse to participate in the proposed financings.

"We commercial bankers recognize it's a very difficult problem and that these countries need advice. Maybe they need to be told not to borrow at all — advice that is better given by an investment banker, who gets a fee whether the client borrows or not. If commercial bankers have a bias it's that a deal be done, money be borrowed. Investment bankers can tell them not to borrow until they get their domestic economy in better shape. That kind of advice is worth paying for.

'Nonsense'

"But to hire an investment bank to handle commercial bankers and tell them that they made a mess [by their indiscriminate lending] and that it's up to them to bail out the borrower is nonsense. If they do that, they get too much on the side of the borrower without giving objective advice and they're going to be out of a job. No commercial bank will lend any money. 'We'll do it,' they'd say, 'but you've got to get rid of these guys.' "

So far, commercial banks have little to complain about. In Indonesia, where the state-owned oil company Pertamina had run up debts of over $10 billion, and in Gabon, where the government's debt totaled $2.24 billion, the principal and interest on loans extended by banks were paid on time — there was no rescheduling of this debt. In the case of Indonesia, this was due to the willingness of the lending banks to continue making new loans.

A senior loan officer of a major New York bank, who describes himself as "a booster" of the investment banks' advisory service, explains that while "we might have different views, we can talk to each other on a rational basis. They understand our problems better than a borrower itself. They gave Indonesia good protection and also understood our problems and were sympathetic to them."

Put more bluntly by a U.K. banker, "Their first priority is to avoid alienating the [commercial] banks, whose support is needed for new financing."

Both countries went after the commercial debt — the bills th[e] governments owed suppliers an[d] contractors. In Indonesia, fo[r] example, some tanker contrac[ts] worth $1.55 billion were settled fo[r] $150 million, and in Gabon mor[e] than $100 million, about 16 pe[r]cent, was cut off the bills of [con]tractors. In some cases, bills we[re] submitted for work never per[-] formed, bankers report, or th[e] charges for services performed we[re] exorbitant.

"Commercial debt," says a lea[d]ing German banker who was in[-] volved in Indonesia and Gabon, "[is] a softer touch than bank deb[t]. Banks tend to present a more un[i]fied front . . .Banks are also no[w] needed for additional money."

The negotiations with the ban[ks] in Gabon to finance the repaym[ent] of the accepted commercial de[bt] were apparently testier than th[ey] in Indonesia.

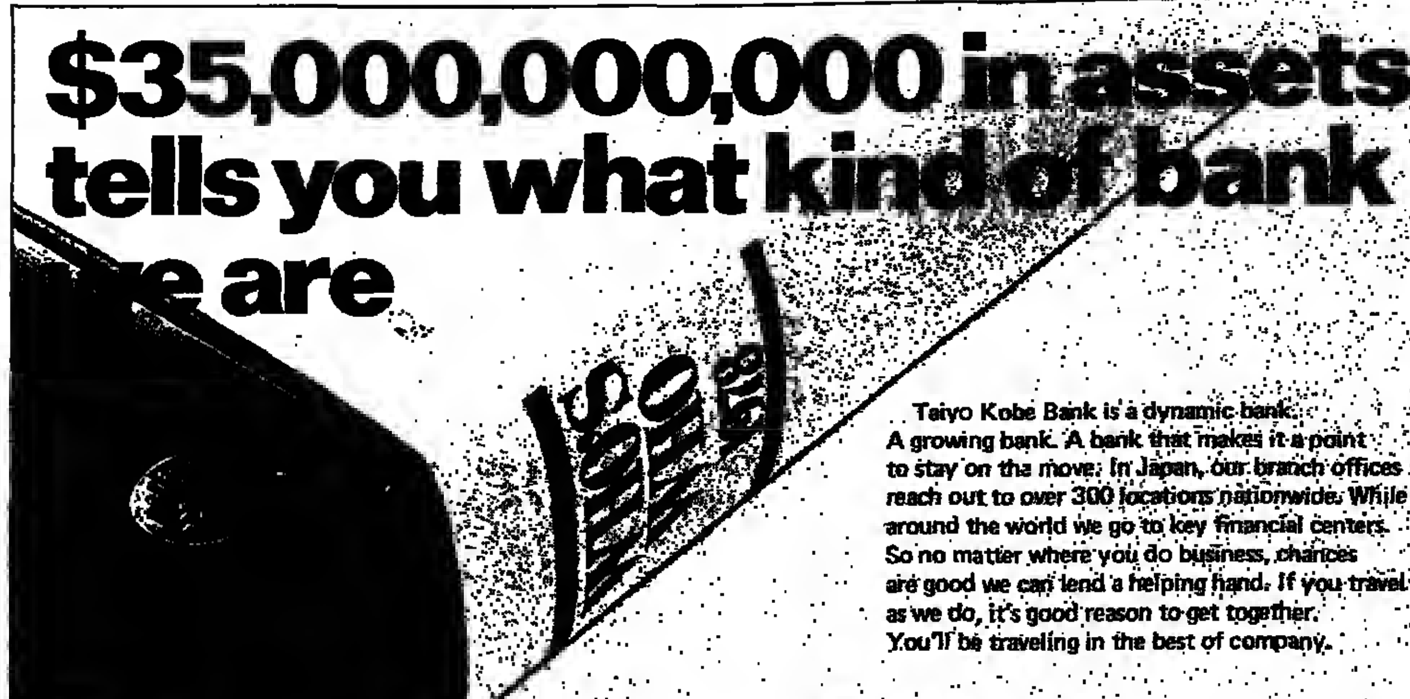
"Some banks have had a feeli[ng] that the treatment of commerci[al] banking business by the advise[rs] was a bit heavy-handed," says [a] French banker. "The advisers fe[lt] that the commercial banks were [at] fault, responsible to a certain ex[-] tent for inducing the governme[nt] into accepting too heavy a burde[n] of foreign debt to finance superfl[u]ous or grandiose projects. . . an[d] the advisers said it was only fa[ir] that the commercial banks foot th[e] bill.

"In the end, the [French] treas[-] ury twisted our arms becau[se] France is close to Gabon. We [all] realized there was a political inte[r]est in having the whole thing se[t]tled as quickly as possible and [we] shared the freezing of our [commer]cial] loans. We just got stuck fo[r a] few more years."

Two new loans were arrange[d]. French banks supplied 370 milli[on] French francs for seven years [at] one point over the prime rate, gua[r]anteed by Gabon and Franc[e]. Banque de Paris et des Pays-B[as] along with Banque Nationale [de] Paris had the biggest share of th[e] loan — 70 million francs each. [A] $80-million, seven-year loan was [ar]ranged by Citicorp, which put [up] $23.5 million of the total. Parib[as] and BNP each took $7.85 milli[on] of this loan. The interest rate is [...] percent over the London interba[nk] offered rate (Libor) on two-thir[ds] of the total and 2¼ over for t[he] remainder.

Participants say there was "a t[...]

(Continued on next page)



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Euromarkets

. . .to Prevent a Third-World Default

(Continued from preceding page)

"ght" over the advisers' insistence that the entire proceeds of the dollar loan be made available immediately. "There was an acrimonious exchange, where the advisers said in effect, 'You guys are hypocrites, you contributed to this problem as much as anyone.' But we stuck to our guns and the drawdown is to be over time, to serve as a test of the borrower's intentions to resolve its problems."

Gabon got $45 million right away with the remainder to be paid in three steps, providing that 10 percent of the commercial debt is settled before the end of this month, 40 percent before end-March and 60 percent before end-July. The remainder of the $510 million commercial debt is to be repaid by the end of next year.

The triumverate's most comprehensive assignment is in Indonesia. Employed initially to help sort out the Pertamina imbroglio, the team now is advising the government on a broad array of topics, ranging from setting up control systems to planning the debt structure and determining which projects to pursue and how best to finance them. The advisers also run a sophisticated public relations operation for Indonesia with the major commercial banks.

"They visit us twice a year at the highest level to make a full report on the current situation," says a French banker. A West German banker notes that commercial bankers seeking to make a proposal to the Indonesian government these days are best advised to keep the triumverate informed. "We discuss our ideas with them. It doesn't hurt to make sure they are aware," he says.

A U.K. banker recalls handling a transaction involving suppliers to Indonesia "where to our knowledge the advisers hadn't been involved. They sort of suddenly made an appointment and presented us with prospectuses and so on which were of some interest, but really didn't add anything. They suggested that they'd be at our disposal if we needed them. But it wasn't clear how their assistance would fit, especially as one of the providers of finance was an Arab institution."

The advisers were also instrumental in renegotiating a $500 million syndicated loan last February. The seven-year facility carrying interest of 1⅜ percent over the Libor replaced a five-year loan negotiated in 1975 carrying a margin of 1¾ percent. As important as the lower spread or the lengthened maturity — a reflection of both the country's improved credit status and the high liquidity of the banks — were the eased technical terms in the new loan agreement.

"The original agreement was a *tough document*," a banker said. "The default clauses were very tight. When it was drawn up, no one really knew what the situation was . . . But it was such an airtight document that Indonesia was probably in technical default the day it was signed, although there was no way of knowing it then. It's better for both the borrower and the banks, given that things are going well in the country, to have a loan agreement which eases up and does away with the technical default."

The triumverate's stickiest assignment is no doubt in Turkey, which insists the three are not advisers but a "technical assistance" group.

The distinguishing element in the Turkish situation is that the debt held by banks is being rescheduled. The triumverate played no role in formulating what Turkey would do — the country in fact had no choice as it does not have the means to repay the approximately $6 billion of public-sector debt — but it has been advising on how best to do it.

"The problems of Indonesia and Gabon appear insignificant compared to this situation," a U.S. banker says, and the triumverate "has adopted a low-key posture because of the impossibility of understanding the parameters of this problem.

"When you think about some of the implications of this refinancing, there's a helluva lot of conflicts of interest. From their view, they may have a name risk here as well, being associated with this transaction. A $4.4 billion refinancing doesn't come along normally in the market and you've got to be careful about what your advice means and what that does to your reputation."

The public-sector debt being rescheduled includes:

• Bankers' credits totaling $426 to be repaid over seven years with three years' grace on repayment of principal. Turkey will pay interest of 1¾ percent over Libor.

• Overdrafts totaling $90 million, for which rescheduling details will not be made public.

• Third-party reimbursement claims (essentially banks that did not have direct correspondent relationships with the Turkish central bank but that paid letters of credit drawn on the bank and have not been repaid) totaling $250 million to be repaid in three years, bearing interest of 1½ percent.

• Non-Turkish holdings of convertible Turkish lira deposits (CTLDs), totaling $2.4 billion, to be repaid over seven years, with three years' grace on repayment of principal, with interest set at 1¾ percent over Libor.

The bankers' credits, overdrafts and many of the CTLDs are held by major international banks — "the big boys, who know what's going on," an observer remarked. The official interest on the CTLDs was 1¾ percent and the exchange rate was guaranteed by the central bank. A small part of the CTLDs were sold to investors (who were offered hefty front-end fees amounting to as much as 15 percent by credit-starved Turks), and a larger part are held by companies that used this mechanism to funnel funds into their Turkish affiliates at a time when it was impossible to borrow domestically.

• In addition, $904 million is owed to suppliers. The payment awaits the conversion of the Turkish lira deposited at the central bank by the Turkish importers into foreign currency. This figure does not include the $700 million owed to suppliers and guaranteed by export credit agencies of foreign governments, which is being negotiated on a government-to-government basis and is being rescheduled over six years at varying rates of interest, according to currency.

At the same time, Turkey is asking banks to lend it another $500 million. Significantly, this seven-year loan carrying interest of 1¾ percent over Libor is being syndicated internationally without a lead manager. While a group of major lenders such as Citibank, Morgan Guaranty Trust, Chase Manhattan, Dresdner Bank, Deutsche Bank, Union Bank of Switzerland and Barclays has said it will support the operation, none was willing to put its imprimatur on the operation. A lead manager puts its own reputation on the line and risks being sued by other participating banks if the loan goes sour.

The loan is being organized by the central bank with the advice of its "technical" assistants. They reportedly were called in by Turkey on the advice of some of the major lenders. Lazard Freres of New York has also joined the group under the wing of Lazard Paris rather than as a fourth member, a reflection of their growing rapprochement after years of operating at arm's length — as well as the New York bank's eagerness to get into what is a very profitable business.

The contract with Indonesia — an ongoing arrangement that is indefinitely open-ended — is reliably reported to be worth well in excess of $2 million a year, and none of the others is said to be worth less than $1 million.

While Turkey has spelled out what it intends to do to improve its economic situation and repay its debts — "by making exporting more profitable than selling in the domestic market, requiring policy measures to insure that exports are both cost-competitive and price-*competitive* in world markets" — a commercial banker laments that "there's still no detailed plan on how they're going to achieve those objectives.

"They've made some progress [the 1978 trade deficit is expected to be halved from last year's $3.4-billion shortfall]. But the key question is the ability of the politicians to control the social and economic disequilibrium that the program suggests over the period of years that will be needed to transform the economy."

He says the best service the triumverate can perform is to "get across the hard, unpleasant facts" to officials. "Communicating in Turkey is an awful problem in normal circumstances and it's more awful given the very, very difficult political situation. Some of the practical realities of the marketplace aren't always what you want to hear at a Cabinet meeting."

The most immediate problem, however, is to get the country through the next scheduled IMF review. This was originally set for Nov. 26 but has been delayed by the Turks. The review is tied to the third scheduled drawdown of an IMF credit and is expected to be difficult as Turkey has failed to meet many of the key targets agreed upon with the IMF. Completion of the syndicated loan is tied to the IMF's approving the next drawdown of its loan.

From the Turks' point of view, the technical assistance group will educate the central bank. "We don't know the gimmicks of the markets, we don't know the mechanics. There are lots of things we can learn from these people, at least in terms of marketing, of loan documentation," says Yavuz Canevi of the central bank.

"The International Monetary Fund does not have enough time or staff to spare on Turkey to help solve all its problems. We had to solve the problems ourselves. We admit we don't have the technical skill that we needed. That's why we hired them."

Dollar Base No Longer a Great Advantage

LONDON (*IHT*) — *During* much of the past year and particularly in recent months, margin cutting in the Eurocredit market has been led by Japanese, German and Middle Eastern banks. This suggests that a dollar base no longer gives U.S. banks a unique competitive advantage (if it ever did) despite the fact that most Eurocredits are provided, at least in the first instance, in terms of dollars.

The convention of quoting Eurocredit lending spreads as a margin above the six-month London interbank offered rate (Libor) for dollar deposits is well known as a convenient yardstick rather than a true reflection of the return to banks. Even within a lending syndicate, strong banks usually obtain interbank Eurodollars below the Libor deemed to apply to the group as a whole, while smaller banks are required to bid above the average.

Moreover, bidding for Eurodollar deposits in the interbank market is only one way by which banks finance their medium-term Eurocredit lending. The large international banks that dominate the publicized Eurocredit market obtain funds below Libor from official depositors in developing, partly industrialized and Communist countries, from corporations and from lesser banks outside the "inner ring" of the Eurodollar market. Besides that, they finance themselves by the issue of dollar certificates of deposit (CDs), in the United States and London, in the U.S. Federal funds market and by means of interest-free sight deposits in the United States.

It has often been supposed that established access to U.S. money markets and interest-free retail deposits gave U.S. banks a special advantage as Eurocredit lenders by allowing them to obtain funds at a lower average cost than foreign rivals.

This was always dubious, for two reasons. One is that interest-free deposits are not as cheap as they seem after taking into account the costs of running retail networks. The other is that banks are required to hold minimum reserves against their domestic dollar but not their Eurodollar deposit liabilities, so that the cost of the two is approximately equalized. In any case, a growing number of Japanese and European banks has been acquiring access to a dollar base through branches, subsidiaries and the acquisition of banks in the United States. Differences between the ability of the world's largest banks to tap the onshore and offshore dollar markets have therefore been narrowing.

A similar equality exists in the international offshore market where banks lend and borrow from each other at short term. Here, participants are graded by their general credit standing, and U.S. banks have never been able to obtain Eurodollar deposits in the interbank market at finer rates merely by the fact of being U.S. banks.

In the Eurodollar as in other Eurocurrency markets, banks deal with each other through brokers. A broker, seeking funds on behalf of one bank from another, usually identifies his client only as a prime, first-class, good or lesser name.

The identity of the bank seeking funds is disclosed by the broker only after agreement has been reached in principle that funds will be offered, and at what terms. Thereafter, it is regarded as unethical for the bank offering the funds to withdraw, unless it can cite some special reason, such as being already lent to its limits to the bank seeking money.

Equality of access to interbank Eurodollar deposits among banks of equal standing and growing penetration of the U.S. market by foreign banks have combined to wipe out most distinctions between major U.S. and other banks in the Eurocredits market. In those circumstances, it is not suprising that banks from the main surplus countries should now be leading competition among Eurocredit lenders. The development merely reflects the role of the Eurocredit market as a channel for capital flows from countries in current surplus to those in current deficit. U.S. current deficits have inundated foreign banks in the leading surplus countries with dollar deposits from corporate and official depositors. Such banks have therefore been under the greatest pressure to push out funds in the Eurocredits market.

U.S. banks, on the other hand, taking advantage of a revival of domestic loan demand at attractive spreads, have been in a position to bid "less aggressively" for new Eurocredits, in the polite phrase beloved of bankers. And in this ability to switch flexibly between domestic and international dollar lending, U.S. banks do retain one important advantage over their foreign rivals, because they can still build up their lending in the U.S. market more quickly and extensively than their international rivals. The largest U.S. and international banks may now have approximate equality when it comes to obtaining dollar deposits, but the ability to lend dollars at home as well as abroad gives U.S. banks a distinctly greater scope in their choice of assets.

Whether Eurocredit lending margins are "too small" remains as controversial as ever, regardless of which banks take the lead in competition among lenders. Attention is usually riveted on the lowest spreads, which have fallen steadily from 1¼ percentage points immediately after the Bankhaus I.D. Herstatt scare of mid-1974 to 1½ points. But the average of prime spreads as calculated by the Organization for Economic Cooperation and Development (OECD) has been creeping back up during the past 23 months from 95 basis points to more than 100 basis points; and the proportion of publicized Eurocredits carrying spreads of more than a full percentage point has risen from about a third to a half since the start of this year, again according to the OECD.

Those who worry that spreads have been excessively squeezed argue that unduly narrow lending margins do not make sufficient allowance for inflation-related increases in bankers' costs during the life of a credit. And that, in turn, is said to limit the ability of banks to make adequate provision against bad and doubtful loans.

However, there are arguments on the other side as well. One of them, already alluded to, is that the average cost of funds to banks in the Eurocredits market is usually below the dollar Libor used as a yardstick, in some cases substantially below. The return to banks is therefore above quoted lending margins, especially when front-end fees are included.

Nevertheless, there is one sense in which such familiar arguments miss the main point. The traditional purpose of grading borrowers in bank lending of any kind is to obtain an additional return from weaker borrowers so that some of it can be set aside against possible loss. In that context, a margin of a half point to a strong borrower may be ample, while a margin four times as wide to a weaker borrower may not be. The real test is how much Eurobanks actually set aside for the contingency of defaults — and especially against possible default by weaker borrowers rather than the strong, who capture the headlines whenever they succeed in obtaining yet another reduction in lending margins. —M.S.M.

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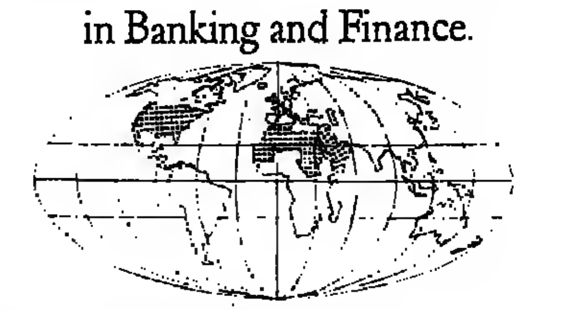

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Due from banks	1.207	Capital funds	105
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Investment Banks Now Back in Management

(Continued from Page 7)

call the tune, and a "retail sector" of smaller banks that take what participations they can get.

The result has been an extreme concentration of lending. Evidence suggests that in 1976 and 1977, 20 commercial banks arranged two-thirds of all publicized Eurocredits while providing about a third of the funds themselves (a comparable analysis of the present year is not yet possible). Such concentration in turn puts considerable pressure on leading banks to replace maturing credits and also to maintain their income by increasing the volume of their Eurocredit lending whenever margins are squeezed (as happened last year and this year). Intensive loan solicitation has therefore been a feature of the market for some years, and borrowers bave been quick to take advantage of it.

However, the result has been to change the form of competition between banks more than the degree, and the benefit to borrowers is oot always as great as it might seem. Instead of lending competition being filtered through the borrower's established merchant or European investment bankers as in the past, competitive approaches have increasingly been made directly to borrowers. But although this throws competition among lenders into sharper relief, it does not necessarily mean a corresponding increase in the intensity of competition.

Many borrowers prefer the old-fashioned way of tapping the market through their merchant or European investment bankers for the sake of continuity — smaller borrowers often have little alternative. Hence the role that British and European investment banks cootinue to play, although few of them as visibly as Morgan Grenfell and the Banque Arabe et Internationale d'Investissement, which have remained along with the world's commercial banking giants among the top 20 Eurocredit banks.

Spotlight

Outside the spotlight of the market in publicized Eurocredits, many more British merchant banks and their Continental equivalents remain highly active as managers of and participants in a considerable volume of Eurocredits that are not publicized (informally estimated by the Bank for International Settlements as equivalent to about 30 percent of publicized Eurocredits). It is true that many of these are smaller credits of $5 million to $25 million each, and the borrowers are not on the whole actively solicited by the giant Eurocredit banks. But that merely makes the business more profitable for the banks that do go after it.

By contrast, with the sizable but largely unpublicized role that British and Cootinental investment banks cootinue to play in the Eurocredits market, they and their U.S. and Japanese counterparts have either recovered or have come to play a highly publicized and much enlarged role in the Eurobond market during the past two years. Here again, changes among banking participants can be traced to fundamental market changes over the years.

Since its beginnings, the Eurobond market has gooe through three distinct phases. During most of the 1960s the market was dominated by U.S. investment banks (which were then bringing to market U.S. corporations shut out of New York by Washington's capital export controls) and by British merchant banks. As the market grew, the power to place oew bonds with large oumbers of retail investors began to outweigh connections with borrowers; and Swiss banks, with their unique retail placing power, came to dominate new issuing business, along with German, Dutch, French and Belgian banks.

However, during the past two years the market has entered a *third phase,* with institutional investors playing a growing part. The power to place large blocks of stock with institutions has therefore become as valuable as large retail placing power, and that has allowed a growing number of investment banks to clamber back into the top management and co-management league.

Moreover, institutional investors, which usually trade more actively than individuals, have almost certainly contributed to a rapid increase in secondary market turnover — up to a monthly average of almost $10 billion this year from less than $6 billion in 1976 — on the combined clearings of Euroclear and Cedel. That, in turn, has worked in favor of investment banks and securities firms, which have the resources and, equally important, the expertise to make markets.

The change has been startling. Eight investment banks and securities firms were among the top 20 Eurobond-issuing houses during *the first nine months of this year* as against half that number in 1977. Those in the latest league table include Morgan Stanley, Merrill Lynch, Salomon Brothers, S.G. Warburg, Lehman Brothers Kuhn Loeb, Hambros, Goldman Sachs and Nomura Europe. Meanwhile, the top 25 lead-managers this year also included Dillon Read, Kidder Peabody and Dean Witter Reynolds.

Secondary marketmakers cannot be similarly ranked, but those which feature among the most active in the market's own informal lists include Kidder Peabody, Merrill Lynch, Morgan Stanley, Salomon Brothers, Wood Gundy, Strauss, Turnbull and Samuel Montagu, the last two specializing exclusively in the secondary market.

In the Eurobond market, different investment banks are noted for distinctive specialities and techniques. Salomon Brothers, for instance, tended to concentrate on the secondary market as [illegible] step, reasoning, correctly, [illegible] reputation for efficient ma[illegible] ing would lead to co-ma[illegible] invitations and ultimately [illegible] management positions. [illegible] Stanley, on the other [illegible] known for its strong conta[illegible] with borrowers and is th[illegible] particularly prominent as [illegible] manager. Similarly, this is t[illegible] S.G. Warburg, a merchant [illegible] that has held its place at the [illegible] the Eurobond issuing [illegible] through all of the changes [illegible] than any rival. This is beca[illegible] competitors generously ack[illegible] edge, it has maintained con[illegible] in its top-level corporate fin[illegible] staff and is backed up by a [illegible] presence" in the secondary ma[illegible]

In both the main sectors [illegible] international capital mark[illegible] classic competition between [illegible] mercial and investment bank[illegible] tinues. It is often characterized [illegible] battle between brawn and [illegible] But however it is described, [illegible] not gone all one way.

EEC Candidacy: Not a Big Factor in Cred[illegible]

By Darrell Delamaide

BRUSSELS (IHT) — Greece, Portugal and Spain are all candidates for membership in the European Economic Community; Turkey has postponed for five more years a decision on whether to seek full EEC membership and is renegotiating its association agreement with the community. The processs of joining the EEC influences economic, monetary and trade policies of these countries, and is therefore a factor in their evaluation for credit.

But bankers are hard put to pinpoint just when or bow EEC affiliation affects credit judgment. The three candidates are customers in the Euromarkets much like any other. Turkey, for all its European aspirations, is a difficult problem case, like Zambia, Jamaica and Peru. In the opinion of many bankers, EEC affiliation does oot provide a credit umbrella for the candidates. Rather, it seems that the same economic, political and strategic considerations that make it advisable, or even imperative, for these countries to be integrated in the EEC make it a safe risk to lend to them.

Turkey's eventual accesion to the EEC has "low present value," as s criterion for credit worthiness, quipped one banker.

A latest package of measures in the financial rehabilitaiton of Turkey has cleared away old business and set the stage for the still daunting task of meeting the country's external financing oeeds. But the International Monetary Fund and the Organization for Economic Co-operation and Development seem to have been more decisive in the support operations than the EEC.

The Turkish central bank and Finance Ministry sent a telex in October inviting 200 foreign banks to take part in a restructuring of about $2.1 billioo worth of coovertible Turkish lira deposits (CTLDs).

The CTLDs, with maturities of anywbere from six months to four years, are to be rescheduled for a seven-year maturity, ineluding three years of grace. While tbe technical oegotiations are complex and could last as long as three mooths, virtually all of the banks are expected to go along with the suggestion because tbe Turkish central bank, which excbanged the foreign fund for Turkish lira, does not have the foreign exehange to recoovert as the deposits fall due.

In addition, the banks are negotiating a restructuring of about $500 million in term loans, again on a new seven-year basis. Finally, a Euroloan of $400-500 million was being put together to finance high-priority imports. The loan is hardly a prize being bid for by competing consortia, but is nonetheless likely to be syndicated among the major U.S. and European banks. The beadaches from the months-long prelude to this package, hampered by administrative confusion and, at times, intransigence in Turkey, do not provide mucb encouragement.

Deutsche Bank Chief Executive Wilfried Guth spoke for many bankers when he commented at a press conference in October that the Turkish negotiations "have advanced at a slovenly pace; it is a thoroughly toilsome labor."

Of course, the banks are oot alone in this labor. The Turkish government is working on several fronts to restore its international payment mechanism. The government has been busy rescheduling trade debts on a bilateral basis since a framework agreement reached with the OECD last May. New OECD meetings this month were designed to consolidate this agreement and discuss further credit and standby facilities. Turkey oegotiated a two-year standby facility for 300 million special drawing rights (SDRs) — $360 million —from the International Monetary Fund in April, as well as nearly 75 million SDRs ($90 million) in compensatory financing.

Not to be beld down, Turkey told EEC authorities here in October that an ambitious $64 billion five-year economic development plan presupposes $15 billion in external financing, $8 billion of which, according to the Turks, should come from EEC sources.

Bankers, of course, will be part of the international finance mobilized for this plan, along with World Bank, European Investment Bank, EEC, IMF and bilateral aid. "Most countries of the world require external financing. Turkey will only be normal in this regard, if especially needy — once the current debt is restructured," commented a German banker.

For the bankers, bowever, the IMF accord last spring is the deciding factor in going along with Turkey. The government's willingness to adopt politically difficult measures, like boosting gasoline prices, encouraged the banking community. Much attention is being focused on further IMF-Turkey talk[illegible] month.

Most bankers rank the thre[illegible] didates with Spain at the to[illegible] Portugal at the bottom, bu[illegible] quick to add that they are hap[illegible] do any reasonable business [illegible] reward compensates risk. Por[illegible] is used as an example. The [illegible] economic adjustments resu[illegible] from political turmoil and [illegible] switch from a colonial eco[illegible] strained Portugal's foreign [illegible] ments positons and led to a [illegible] 1977, agreement within the OE[illegible] to provide $750 million in c[illegible] and aid to the country.

One of the credits in this a[illegible] ment was a 420 million DM [illegible] year loan syndicated last [illegible] among German banks led by [illegible] deutsche Landesbank and C[illegible] merzbank. The credit was 9[illegible] cent guaranteed by the West [illegible] man federal government as pa[illegible] its contribution to the Port[illegible] package. In the same mo[illegible] though, the same two lead m[illegible] gers syndicated a $150 million [illegible] en-year multi-currency loan to [illegible] tugal through an international [illegible] sortium — without any third-p[illegible] guarantees.

"The loan ran astoundi[illegible] well," commented Axel Kollar, [illegible] ecutive vice president of Wes[illegible] "It helped Portugal find a stan[illegible] in the market." In August, the six-bank international managem[illegible] group syndicated another se[illegible] year loan for Portugal, in [illegible] amount of $300 million.

In the midst of everything, [illegible] tugal is trying to reduce its cur[illegible] account deficit from last year's [illegible] billion, but progress will be s[illegible]

Greece, which has maintained [illegible] expansionary policy at the expe[illegible] of cootinued high inflation ([illegible] percent at mid-year), is likely [illegible] *record a current-account defic*[illegible] $1.75 billioo this year, against $[illegible] billion last year, according to [illegible] OECD country survey published [illegible] July. Still, bankers give Gre[illegible] good marks for seeking to diver[illegible] exports and have been ready [illegible] the cash. The Bank of Gre[illegible] received a $300 million 10-year [illegible] roloan in June, partly to refina[illegible] outstanding credits. In August, [illegible] Greek Public Power Corp. obtai[illegible] $80 million; taking advantage [illegible] low spreads, the Greek age[illegible] received a split margin of 5/8 [illegible] on the 10-year credit.

The problems of Spain are of [illegible] altogether different order. It [illegible] ready access to international ca[illegible] tal markets as well as Eurocre[illegible] markets. While oot exactly healt[illegible] economically, Spain is much mo[illegible] advanced than the other two can[illegible] dates and ranks 10th among t[illegible] world's industrial nations. Spa[illegible] has recorded surprising success [illegible] cutting last year's current-accou[illegible] deficit of $2.5 billion and is lik[illegible] to register a deficit well under [illegible] billion this year. Meanwhile, f[illegible] eign exchange inflows have been [illegible] strong this year that reserves [illegible] swelled to $10 billion and [illegible] money supply growth has [illegible] gered the fight against [illegible] And so Spain bas been [illegible] trim its ambitious foreign [illegible] ing program, originally set at [illegible] billion for 1978.

While candidacy for EEC mem[illegible] bership may oot play an overly im[illegible] portant role in a country's cred[illegible] standing, bankers involved in t[illegible] Euromarket clearly consider EE[illegible] membership itself an asset. "Th[illegible] market believes, rightly, that th[illegible] EEC would not let one of its par[illegible] ners go bankrupt," remarked, Vol[illegible] er Burghagen, managing director [illegible] Dresdner Bank's Luxembourg sub[illegible] sidiary, in a typical comment. Ita[illegible] usually is the example cited. Th[illegible] rescue package for Italy consists [illegible] not only of $1.5 billion through th[illegible] specially created EEC loan facility [illegible] but bilateral support from EE[illegible] partners — notably, the 2 billion [illegible] DM credit from West Germany [illegible] Great Britain and Denmark als[illegible] are said to have benefited from [illegible] their EEC affiliation when it came [illegible] to raising credits. Bnt then, nobody [illegible] denies that Italy, Great Britain and [illegible] Denmark probably would have [illegible] been bailed out even if they were [illegible] not EEC members — *or even if* [illegible] there was no EEC. The integration [illegible] provided by the community, *how*-ever, makes the economic interdependence deeper and facilitates the rescue mechanisms.

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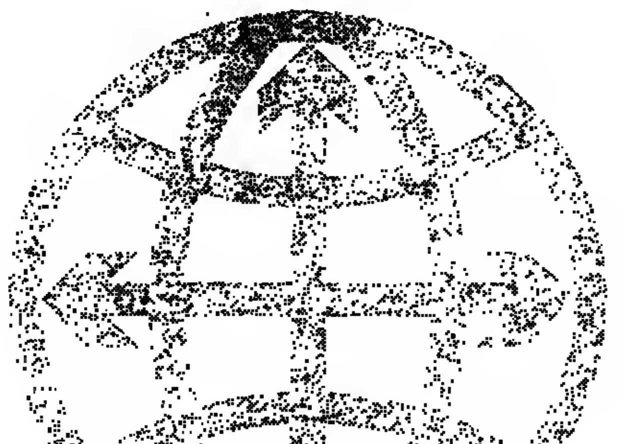

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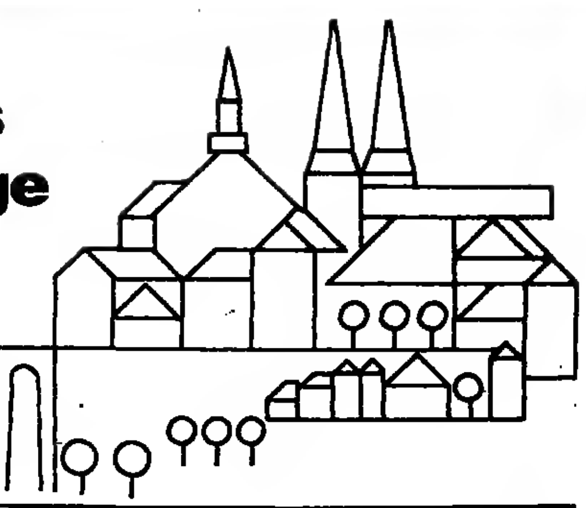

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Euromarkets

Top Bank Wants to Make a Name in U.S.

FRANKFURT (IHT) — Deutsche Bank's top priority in the United States is to carve out a share of domestic banking and underwriting business commensurate with its standing as one of the world's five largest banks.

Wilfried Guth, one of the bank's two chief executives, explained his institution's multipronged attack on the large American market this way:

"The priority for our New York branch is getting American customers, both large and medium-sized corporations," Mr. Guth said of Deutsche's commercial banking goals. "Our investment banking firm, meanwhile, will be working to establish itself as a top-ranking co-manager for Yankee bonds, the issues of foreign borrowers in the U.S., while taking part in purely domestic issues as an underwriter. We'll also be pursuing other corporate finance business like acquisitions."

The biggest headline-grabber for Deutsche Bank in the United States — the proposed purchase of one of the World Trade Center towers — is a subordinate activity of the bank. . .

These goals of Germany's largest bank do not differ markedly from those of its main German competitors or other large foreign banks. What is different is the lateness with which Deutsche Bank moved into the U.S. market and the enthusiasm and diversity of its activity in making up for this tardiness.

Keeping with its long-standing commitment for consortium banking, Deutsche Bank contented itself until this year with its share of 20.1 percent in European-American Bank, which, since its takeover of Franklin National, has had a significant part of the New York market in corporate and retail banking. Nowadays, however, the talk is of a two-pronged strategy — consortium banks *and* branches flying their own flags — and New York is at the top of the list.

Underwriting Firms

Also this year, Deutsche Bank bought out Union Bank of Switzerland's 50 percent share in UBS-DB Corp., an investment banking firm. The company was renamed Atlantic Capital Corp., and Deutsche Bank became the only big German bank with a wholly owned underwriting unit in the United States. (Commerzbank holds 40 percent in Europartners Securities Corp., Dresdner Bank 25 percent in ABD Securities Corp., and Westdeutsche Landesbank has no underwriting firm in New York.)

"We're still in the process of gaining identification for the new name," Mr. Guth said of Atlantic. Regarding the choice of the name, Mr. Guth said preferable names, like German-American, were already taken. Atlantic had nice connotations of overseas cooperation, he said.

Other German bankers note cynically that the alphabet seemed to be the decisive factor because placement on tombstones is an important prestige item. But one competitor added, with unconcealed glee, that the name was a bit too prominent for some U.S. managers and had kept Atlantic out of some management consortia.

In Full Swing

Mr. Guth acknowledged that the underwriting unit could never hope to match the domestic giants in U.S. placing power, but maintained that Atlantic Capital intended to become a first-rank co-manager for the Yankee issues, while expanding its role as a domestic underwriter. The big job, he said, is to work with the parent bank in expanding domestic placing power in the U.S. market, both for U.S. issues underwritten by Atlantic as well as the international bonds offered by Deutsche.

Meanwhile, Mr. Guth said, Atlantic is deriving nice profits from other areas of corporate finance, like "fees for arranging things." Atlantic is working with U.S. investment houses to bring together German firms with promising candidates for acquisition — boom business in times when every week brings another announcement of a German takeover in the United States.

This well-publicized trend, far from tapering off, says Mr. Guth, is "still in full swing."

Noting the September move by Siemens to tap the U.S. commercial paper market, the German banker added that Atlantic "would love" to get into that business but would be held back for the time by lack of domestic placing power.

Because of the Glass-Steagall Act separating commercial and investment banking functions in the United States, the new branch has nothing to do with Atlantic. Here, according to Mr. Guth, the bank expects to gain a sizable U.S. customer base, while servicing prime German customers in the United States.

Competitive advantages here are the common foreign-bank strong points — foreign exchange expertise, international connections and credits oriented to money-market conditions (and aided for the time by freedom from minimum reserve requirements) — as well as the sheer muscle of a bank ranked fourth in the world in size (after Bank of America, Citibank and Caisse Nationale de Credit Agricole of France) — the largest in a hard-currency country.

The branch also will try to win American corporate borrowers for Euromarket issues, capitalizing on Deutsche Bank's position as a Eurobond manager.

European-American, comments Mr. Guth, will continue its independent activity, with Deutsche Bank's voice, as before, determined by its one-fifth capital participation. "Nothing is changed there," he says.

The biggest headline-grabber for Deutsche Bank in the United States — the proposed purchase of one of the World Trade Center Towers — is a subordinate activity of the bank in the United States. The negotiations for the property, leaked prematurely to the press this summer, are nowhere near completion, says Mr. Guth. He gives final agreement a 50-50 chance. The one and only basis for a decision is whether the property will be able to provide a satisfactory yield to private German investors who will be offered certificates in a closed-end real estate fund. The trade center deal would be modeled on previous participation in Pennzoil Place and Shell Plaza in Houston, which were extremely popular among German investors.

Several Fronts

The burst of U.S. activity is part of a drive on several fronts to consolidate and expand the bank's international activity while increasing overall group identification.

The decision three years ago to move away from complete reliance on joint subsidiaries of the European Banking Co. consortium led to the establishment in 1976 of a branch in London. In 1977, Deutsche Bank transformed the Tokyo branch of its Deutsche Ueberseeische Bank subsidiary into a branch of the parent bank, set up a new branch in Paris and opened representative offices in Milan and Osaka. So far this year, it has completed the merger of the Ueberseeische unit into the parent bank, giving it new parent-bank branches in Buenos Aires, Sao Paulo and Asuncion.

Besides the New York branch, it opened last month new branches in Brussels and Antwerp. In April, a representative office was opened in Lagos, and in September, a banking subsidiary in Singapore, Deutsche Bank (Asia Credit) Ltd., started doing business. It will be among the first foreign banks to establish a branch in Madrid under terms of the new law passed this summer.

Two other cosmetic changes signal the bank's intention to promote stronger identification with a single image. The Berlin subsidiary (the Big Three are not allowed to have branches in West Berlin) had its name changed from Berliner Disconto Bank, an historic name predating Deutsche's own, to Deutsche Bank Berlin.

In October, the bank quietly announced that its Luxembourg unit, Cie. Financiere de la Deutsche Bank AG (CFDB), would be known henceforth as Deutsche Bank-Cie. Financiere de Luxembourg, Deutsche Bank Luxembourg, for short — another change that apparently had tombstones in mind.

—D.D.

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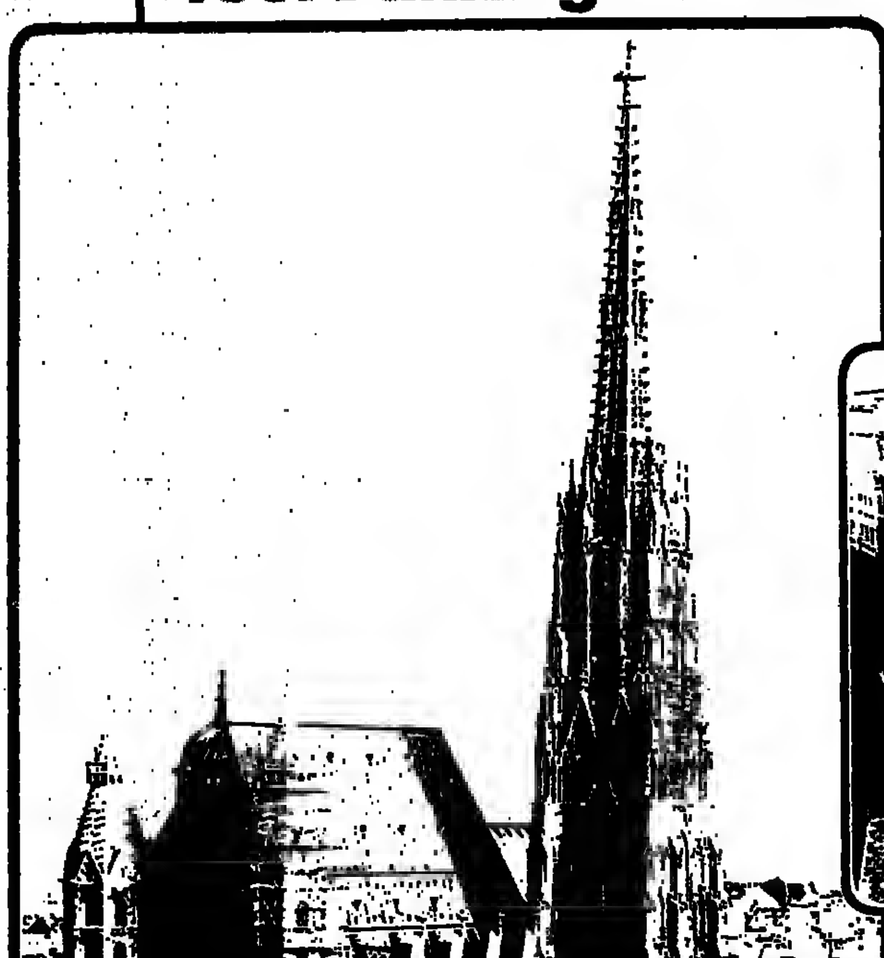

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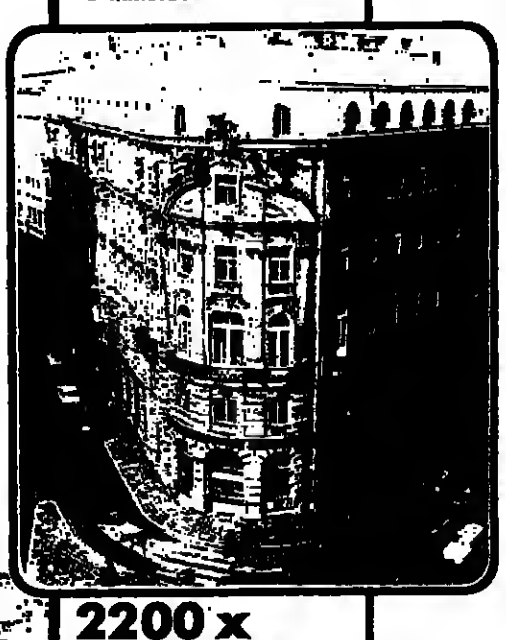

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Euromarkets

IMF's Clout and Influence Are Growing Daily

(Continued from Page 7)

efit private banks than the borrowing country. Although the IMF money *ostensibly* is for government-to-government balance of payments transactions, once the cash is in a country's hands the treasury can use it to pay off loans to banks if need be. And the IMF's imprimatur essentially guarantees banks that the loans will be safe.

• A good many onlookers bridle at the notion that IMF field representatives, who usually are economists and not elected officials, in effect have the power to "dictate" domestic economic policies even if the government is reluctant to adopt them.

The fund's increased clout is a relatively recent phenomenon. Only a few years ago, the IMF's attempts to give countries economic advice were treated as little more than a gentleman's game. Fund field representatives held annual "consultations" with all member governments, but their urgings were taken with a grain of salt — particularly if the government disagreed.

A Power

But with the dramatic changes in the world economic situation during the last few years, the fund has become a power to be reckoned with. "These days," says one international economist, "when the IMF talks, more and more countries are listening." And so are private banks and other international lending institutions.

The IMF's heightened influence stems basically from two developments:

First, the sharp rise in oil prices since 1973 has thrown more countries into deficit and has made them dependent on IMF loans to help stave off bankruptcy. Since private banks rely heavily on IMF judgments in their own lending policies, the fund's assessments carry extra weight, as a sort of seal of approval for other lenders.

Second, the recent overhaul of the international monetary system has given the fund formal authority to exercise "surveillance" over problem countries that have severe payments imbalances. While no one yet knows precisely how much power this entails, the charter revisions have given the IMF's recommendations increased status.

The fund's say in the domestic economic policies of individual countries stems primarily from the power of its own purse strings — specifically, the conditions it sets for making loans to countries that are in difficulty over exceptionally large balance of payments deficits.

The IMF's role in the world economic system essentially is that of a policeman for the "haves" — the fund members that have lent money to financially troubled nations, and, indirectly, the large multinational banks. (The World Bank, the fund's sister organization, deals with helping the "have-nots" by offering grants or low-interest development loans.)

If a nation gets into balance of payments difficulty, the fund steps in, often as lender of the last resort, with an offer to help bail out the government by providing a sizable line of credit. But the credit hinges on the condition that the country adopt stringent fiscal and monetary policies designed to eliminate its deficit.

Too Late

The more a country wants to borrow, the stiffer the terms the IMF sets. The difficulty is that the fund too often is not called in until the borrowing nation finds it no longer can obtain loans from private banks. By that time it is often too late for anything but severe belt-tightening if the payments problem is to be erased.

Under the basic IMF loan system, nations may borrow up to 100 percent of the "quota," or membership fee in the fund. There are four separate lending categories, or "tranches," each with a progressively tougher set of strings attached. There also are special longer-term lending pools from which members can borrow additional amounts.

It is the ability to set conditions for making loans that gives the fund most of its clout. The organization's charter is vague enough in its wording that officials are free to establish whatever terms they think are needed. Talks between the government and fund representatives often last for weeks. At the end, everything must be approved by the IMF executive board.

The results often are striking. In Zambia's case, for example, the government won a credit line of $305 million, but it had to devalue its currency by 20 percent and slash spending. Britain won authority to borrow up to $4 billion but had to raise interest rates and pare spending. Jamaica received $244 million — after undergoing devaluation and promising to slow wages.

Moreover, the IMF continues to influence national policies even after a loan is granted, because the aid usually is only for a year or so and requires the government to pass successive economic "performance tests" to win renewal. So, Jamaica this year had to renegotiate a new domestic economic program after its 1977 efforts failed to meet the fund's criteria.

Is the IMF's medicine too harsh?

Fair Enough

The answer is not always clear. Fund officials argue that their conditions are fair enough: Were it not for the IMF's *underwriting*, the borrowing nation would go bankrupt, and would have to take even harsher austerity steps than those the fund prescribes. Like a benevolent banker, they say, the fund aims to restore gradually the economic health of a deficit country.

Paul A. Volcker, former U.S. undersecretary of the Treasury for monetary affairs and now president of the New York Federal Reserve Bank, says the fund's analysts usually are right on target. "You can pick your individual instances where in hindsight there's been some problem," Mr. Volcker says, "but by and large the fund people do their jobs pretty well."

But Robert Solomon, a former Federal Reserve Board monetary adviser who now is at the Brookings Institution, says there is little question that in some cases the cutbacks have come more rapidly than the borrowing nation realistically can digest. The rioting in Peru, for example, was widely viewed as a justified reaction to what many perceived as an IMF overdose.

And in many cases, the receiving country does find itself too weak after an IMF treatment to revive production.

Nevertheless, there seems to be agreement that the IMF's demands are rarely ill-founded. As a U.S. official puts it, "The problem isn't the fund. The problem is that the countries are in a bind and need to take drastic steps to get out. The fact is that the IMF makes it less painful for these countries to make their adjustments — even with the sometimes harsh medicine."

There is also little argument that borrowing countries usually do not get enough *concessionary aid* to help them cope with the fund's austerity measures. In the case of Jamaica, the island got only a token loan from the World Bank, and a promised package of bilateral grants from a consortium of industrial countries has been slow in coming.

The same sort of disparity surrounds the debate over the role of the banks. While it is true that the large multinational banks are the big winners in the fund's hard-line approach, only a few extremists have charged there is some sort of collusion or plot between the two. "The banks come out ahead in private loan guarantees, too," one onlooker says. "That's the way it works."

Finally, there is the question of how much the fund "dictates" the domestic economic policies that borrowing nations must follow. IMF officials flatly deny they dictate policy. In the first place, the terms the field representatives set almost always are worded in the euphemisms of international economics, unlikely to offend any government.

"We never ask a country to devalue its currency," an insider says. "We just agree on limits for net foreign assets of its central bank."

Second, fund negotiators almost always suggest several options for governments on each major issue. In Zambia, for example, IMF representatives suggested five or six different approaches for achieving each economic goal, and Zambian officials chose among them.

There has been criticism that the IMF's judgments are made by staff members, not political officials — meaning that a nation's policies in effect are determined by sometimes youthful economists who never have been elected to office. In essence, that criticism is accurate. But often the IMF staff members are experienced. And their work always is reviewed by fund officials.

In the case of the Zambian negotiations, the four members of the fund field team were economists: A 40-year-old Italian, who has spent his career with the IMF and other international economic institutions; a 33-year-old Japanese economist; a 30-year-old Finn, and a 29-year-old London School of Economics graduate who has been with the IMF seven years.

An official from a developing country who was recently involved in negotiations with the IMF has mixed views on the issue. "It's just astonishing," he muses, "how much authority the IMF mission chief has. You're really dealing with a high-class bunch of people here, and on balance I'd have to say they were fair. But the staff has one hell of a lot of clout."

But a colleague leaves no doubt who called the tune during the talks. The IMF field representatives "were very polite and smiled a lot," he says. "But in the end, the bottom line was either we do it or we don't get the loan."

Fund officials deny that the agency is more stringent with developing countries than with industrial nations, citing recent demands they made on Britain and Italy. "It's fairly obvious we're not going to push big or small countries if they don't want to be pushed," one fund source concedes. "The difficulty is, the smaller countries are in financial trouble more often."

Nevertheless, as holder of the purse strings, the fund can get tough when it wants to. In ongoing negotiations with Zaire, the beleaguered government has already agreed to give the IMF extensive influence over the country's economic policies as part of a $1 billion plan to bolster its shaky regime. There even will be an IMF "technical adviser" in the Zairean central bank.

The difficulty is, that apart from the IMF, there is nowhere else for a deficit-ridden country to go. While the private-consortium approach may seem attractive to some leaders, those whose nations have had to accede to IMF demands say that when a country is about to go belly-up, the fund is the only answer.

The question is, how much is the fund's insistence an unwarranted intrusion on national sovereignty, and how much is it a blessing for domestic leaders who are looking for a prop to help carry out necessary cutbacks?

While some countries go kicking and screaming to the IMF's bargaining tables, others seem to welcome the fund's toughness as a cover for imposing needed cutbacks that they know will be unpopular.

In still other cases, the government sometimes turns out to be too weak or ill-equipped to carry out cutback programs on its own. In Peru, for example, outside observers say it is unlikely that the regime would have been able to slash programs without fund intervention. And onlookers say Zairean officials were not technically able to develop their own programs.

At least some of the criticism of the way the fund treats developing countries may be reduced as a result of a new approach to IMF lending that involves longer-term loans. Until recently, the primary form of IMF lending was to extend credit to a country for a year at a time. If the government did not perform as expected, the line of credit simply was canceled.

Under the new system, however, the fund works out a longer-term plan with borrowing nations designed to spread the medicine over a three-year period. In Jamaica, where one of the first of these long-term loans recently went into effect, policymakers view the new procedure as "a better tool" for the IMF to use.

And Jamaican Prime Minister Michael Manley has suggested that the fund give representatives of developing countries more "input" into the organization's lending decisions, to rid the IMF of some of what he calls its industrial-nation outlook on life and make it more sensitive to the capabilities of smaller countries.

Mr. Manley also wants the IMF and World Bank to make available more soft loans, under conditions that take account of the fragility of small, import-dependent economies.

In any case, there seems to be no question that the once-toothless IMF finally has acquired some bite. To the officials in the Zambian central bank — and to others in governments throughout the industrial and developing world — the fund is now a force to be reckoned with.

Offshore Banking in New York?

By Stan Strachan

NEW YORK (IHT) — Within the next few weeks, the Federal Reserve Board will decide whether to approve regulations under which a new free-trade banking zone will operate out of New York.

This city already is the focus for most of the international financial business carried out in the United States, and bankers have persuaded the state legislature to approve the tax-haven plan by arguing that it would help bring back business that now gets done in offshore centers such as the Bahamas and the Cayman Islands in order to avoid New York state and city taxes.

The Fed has voiced concern over whether to allow an international banking center within the head offices of the giant New York banks. It fears that business currently done "domestically" will move into the international operations.

In addition to the taxation problem this would create, the Fed is worried that a larger proportion of U.S. banking assets would be removed from the control of its monetary policies.

These free-trade-zone subsidiaries could conceivably offer deposit rates, for example, that would exceed *domestic* levels and *thereby* attract funds for which there would be no obligatory reserve requirements.

If efforts were made to shift deposits of essentially domestic companies into these affiliates — through the overseas subsidiaries of the depositors — it would *also* leave the Fed less able to control growth in the U.S. money supply.

Much Difference?

Would the new trade zone — assuming it gets off the ground — make much difference in the international banking community?

Undoubtedly, a larger portion of U.S. banks' international lending would be done at their main offices. In addition, a greater number of regional U.S. banks would be likely to join the market. But the new competitive strength of the New York market would not be likely to result in much, if any, decline in the level of business done by U.S. banks and U.S. borrowers in the major cities of Europe.

The banks are not looking to transfer business back home that is being done in Europe. The business that is likely to be done under the new law is lending that has been booked out of the Bahamas or the Cayman Islands for the purpose of escaping state-tax jurisdiction.

The New York banks have lined up solidly behind the plan, and they have worked through their clearing house to get it through the legislature.

John Lee, executive vice president of the clearing house, has said the free trade zone will produce thousands of new jobs in the state. Others here are not quite so optimistic, but there is cause for believing that it could mean a shot in the arm for the depressed city economy.

Mr. Lee thinks only "inertia" at the Fed is likely to produce a negative ruling.

Concern

However, there is concern over the monetary policy slippage question and it remains to be seen if the major policy paper drawn up by the 11 clearing house banks' economists have answered all of the Fed's questions.

The questions to be answered, says Fed Governor Henry Wallich, concern what kind of transactions will occur. "If a U.S. company had cash balances in this facility not subject to reserve requirements but for all intents and purposes part of the money supply, do we still count this in the money supply?" he asks. "Do we still have control over the money supply? Would there be a tendency to cause funds to move abroad because once in this facility they can only be lent abroad?"

If the ruling from Washington does permit the new trade zone to operate comfortably, then 1979 and 1980 should see the entry into the New York market of those major European banks that do not already have outlets in the city and the further growth of affiliates from banks in other U.S. cities that will switch Bahamian or Cayman operations to New York.

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Euromarkets

Light Shed on Complex Creation of Financial Group

By Alex Brummer

LONDON (IHT) — With few exceptions European investment/merchant banks aspire to powerful connections on the other side of the Atlantic and access to the world's biggest corporate finance market. Conversely, the U.S. investment houses have long realized that a stake in Europe provided access to the fastest growing fund-raising market there is. If this is borne in mind, considerable light is shed on the complex series of financial maneuverings that led to the creation of Credit Suisse First Boston in July.

A visit to Credit Suisse First Boston's new headquarters, shared with Credit Suisse at Bishopsgate in the City of London, conveys the feeling that this muscular financial grouping has the ability to successfully use its fresh connections in the United States while maintaining and pushing ahead its powerful position as a European investment house.

But what is obvious now was no more than speculation and controversy when chunks of shares first started to change hands in the spring of this year.

It all began at 11 a.m. in Zurich on April 4, 1978, when the telephone rang for Rainer Gut, chairman of Credit Suisse. His caller from New York was a senior executive at the best known of U.S. investment bouses, Merrill Lynch. He wanted to talk about the 31-percent stake in Credit Suisse White Weld (CSWW) owned by that other New York investment house, White Weld Inc.

The potential link had many obvious advantages. Credit Suisse White Weld, just eight years old, was the precocious investment banking arm of Credit Suisse. It had grown with such gusto that along with Deutsche Bank it had become the lead manager in the lucrative and fast growing Eurobond market. But the very success of CSWW meant that Credit Suisse — still recovering confidence after its problems at Chiasso — would be reluctant to give up part of its pride and joy very easily.

Merrill Lynch's international investment banking operations were based in London, and during its three years in the Euromarkets it had begun to become a force in commercial banking. A link with Credit Suisse via the 31-percent stake in CSWW could turn its important foothold into a firm base.

Ten days after the initial contact with Credit Suisse, on April 14, Merrill Lyneh announced to a surprised U.S. securities industry that it was buying the 83-year-old private banking bouse of White Weld. But befnre the deal could be announced, an understanding on the future of CSWW had to be reached. The head men at CSWW — Chairman John Cattier and Chief Executive John Craven — clearly bad their reservations about Merrill Lynch as a partner, but they knew that through their own 30-percent shareholding in White Weld Inc. they could stunt Merrill Lyncb's amhitions for the New York end of the merger.

The compromise reached was that Credit Suisse, already the owners of 40 percent of CSWW's equity, would take an opdon to acquire the 31 percent controlled by White Weld Inc. In addidon, Merrill Lynch would use the name of White Weld only in North America. It seems that having gotten rid of the barriers to the puhlie unveiling of the merger, Merrill Lynch still had hopes of persuading Credit Suisse and CSWW that thcy could successfully come together in Europe.

But in ensuing discussions it rapidly became apparant that Merrill Lynch would find it hard to make the sought-after agreement. At the same time Merrill Lynch was having difficulties with the New York end of the deal. For one, the Wall Street Journal disclosed that White Weld, far from being the profitable house it was thought to be, was going through something of an earnings crisis and had in fact lost $2.1 million in the nine months to March 31, 1978. Meanwhile, the U.S. Justice Department decided it might be worth looking at the proposed merger for possible antitrust violations. Against such a background Merrill Lynch's negotiating skills were weakened. In any event, the deadline for the Credit Suisse option was reached without any new agreement.

Credit Suisse exercised and instantly became the owner of 71 percent of CSWW. However, CSWW — although $15 million better off through its own White Weld stock sale — was without a U.S. partner to bring in the all important U.S. corporate business.

Enter First Boston. It was apparant to most observers of the international investment banking scene that following Merrill's departure Credit Suisse and CSWW had two options: CSWW could set out via its 50-percent-owned Sogen-Swiss International Corp. to develop by organic growth and reputation its own connections in U.S. investment banking, leaving Credit Suisse as the majority shareholder to catcb most of the earnings; or it could seek a new U.S. partner.

> *It all began at 11 a.m. in Zurich on April 4, 1978, when the telephone rang for Rainer Gut, chairman of Credit Suisse. . .*

Names flashed back and forth across the Atlantic. Morgan Stanley and Goldman Sachs were seen as the early favorites to take on the White Weld role, but it was First Boston — whose European operadons, fortuitously perhaps, were in turmoil — that took the lead.

At the center of First Boston's problems was Minos Zombanakis. He was the man wbo through his own flamboyancy and unique management style bad built the early marketing success of First Boston in syndicated credits, Eurobonds, project and corporate finance.

But although the salesmanship was breathtaking and the deal-fixing legion, the management and earnings performances were less impressive. First Boston (Europe) had its problems. Pre-tax profits at $912,000 in 1975 tumbled to $420,000 in 1976 and to just $51,000 last year on revenues reported to be $2.6 million.

And although some of the decline could be blamed on the growing confidence and importance of the European universal banks in the marketplace, it was also clear that some of Mr. Zombanakis' magic ties were coming apart. Most notably, the Algerian state oil agency Sonatrach decided in 1974 that it no longer required an advisory contract with First Boston. Then last September the link with the National Commerical Bank of Saudi Arabia was terminated.

It was against this background that First Boston, Credit Suisse and CSWW put together a package deal in July. First Boston took a 31-percent stake in CSWW's holding company for around $30 million. For the same sum CSWW's holding company gained a 25-percent interest in First Boston Corp. through an issue nf common shares. (The Credit Suisse First Bostnn stake has since been raised to 31 percent.) As part of the deal, CSWW absorbed First Boston (Europe) to become Credit Suisse First Boston (CSFB).

The management upheaval immediately followed. In addition to those who left with Minos Zombanakis — a month befnre the CSFB deal was concluded — Randy Lyon, who ran the Eurobond business in the corporate finance department, returned to New York. Nor did the firm's bead of securities, Bill Steen, move over to CSFB. But some senior staffers did make the move, along with the Eurobond traders. The only section of First Boston (Europe) to be shaved off was the eqnity division. But it is pointed out that this may not necessarily be a permanent arrangement in that the equity desk in the past worked closely with the bond department.

The management shakeout that followed CSWW's de-up with First Boston (Europe) claimed its most signficant victim this month with the abrupt resignation of Managing Director John Craven. Mr. Craven's departure is the more significant in that during six years at CSWW he was largely the driving force behind the bank's rapid expansion in the Eurobond markets.

It seems that Mr. Craven, after just three months of association with First Boston, found that the bank be had helped build was becoming a different institution. It had more staff and brancb offices — including Athens and Singapore — and it had to learn tn live with new parent shareholders in the United States. It was a situation he preferred to leave — but on amicable terms.

His future remains undecided. But in the meantime Credit Suisse First Boston's vice ehairman, Michael von Clemmis, is set to take over as chief executive. It will become his responsibility to bear the fruits of the merger.

The logic of the CSFB union has been evident from the outset. It created nne of the most powerful and influential financial groupings in the world that in most measures appears to be stronger than the Credit Suisse relationship with White Weld. Indeed, there has been considerable debate within the international banking community as to which partner in the transaction has gained the most from the deal.

From the viewpoint nf Credit Suisse and CSWW, the foothold in the United States provided by White Weld had been replaced by a much stronger one in the July deal.

Looked at from New York, the deal was equally attractive to First Boston. Some analysts bave questioned why Credit Suisse was willing to give up the enlarged equity stake that it acquired as a result of the Merrill Lynch options. The answer seems to lie in the state of First Boston's European operations. Although an important house in the Eurobond market, it was not a front runner like CSWW, and there is little doubt that in the wake of Mr. Zombanakis' reign First Boston (Europe) needed putting in order. The link with CSWW provided it with a ready-make, highly successful management team with a combination of flair and prudence.

In what areas does the management of CSFB expect the new relationship to bring lasting benefits? According to John Craven in an interview prior to his announcement that be was resigning, too much emphasis in discussion has been placed on the bank's Eurohond activities when in fact the benefits will span the whole range of CSFB's activities as an international investment bank.

The new bank hopes to be more active in the field of corporate takeovers and mergers. In its former guise as CSWW, the bank had already been stepping up its involvment and expertise in this field. Among the recent deals in which it has provided advice was the £14 million purchase by Tenneco of Harmo in Britain. CSFB believes that the new tie will bring a broader range of U.S. clients, enabling it to provide takeover and merger advice on hoth sides of the Atlandc.

The First Boston tie could also open further opportunites in the Yankee bond market. CSFB would persuade European clients and contacts tn make greater use nf the Yankce bond market, profiting from the expertise and market posidon that First Boston Corp. has in New York.

Project finance is another field in whicb CSFB will be able to take the maximum return from the First Boston arrangement. First Boston has been among the pioneers in the field. Among its most notable achievements was the finaneing of the Ekofisk field pipelines in the North Sea. First Boston's expertise in project finance will enable CSFB to put together more packages along the Ekofisk model while at the same time bringing in a stronger European presence. It is expected that announcements will be made soon of new developments in this area.

And there is the Eurobond market, in which CSWW placed top of the league last year. With the contribution of First Boston (Europe) the group will be looking for a heightened presence in what it believes is still a fast growing market. In spite of the slackness of the dollar sector — apart from floating rate notes — the CSWW connections in the Deutsche mark and Swiss franc sectors have ensured that its market position has not been eroded by the dollar crisis. And in a better year for the dollar the First Boston market pull could be that much stronger.

In additon, there are mutual benefits to be drawn form First Boston's presence as a management force in the syndicated credits field, where it has arranged loans for Greece, Italy, Algeria and Iran, among others. The bank can benefit from CSWW's traditional strength in the London market for dollar certificates of deposit in which from a modest start several years ago it has now won leadership.

Relationships of the closeness and quality that CSFB and First Boston appear to be aiming for take a long time to shake down. Time, earnings and market presence will tell the full story — hut we will have to wait for that.

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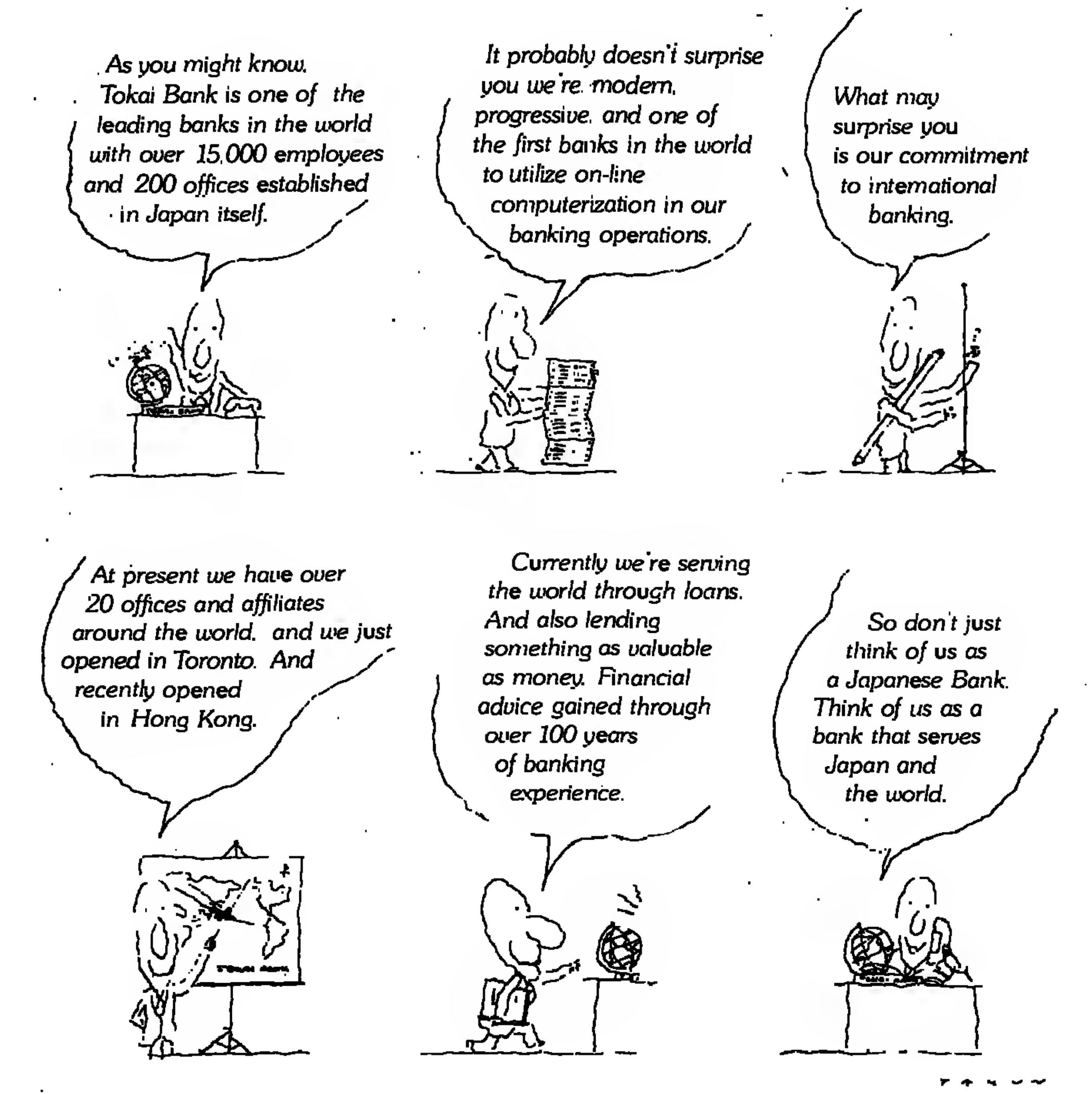

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Euromarkets

Rate-Cutting Reveals Achilles' Heel of Euromarket Bankers

By Bill Peters

LONDON (IHT) — The Eurocredit market has become fiercely competitive. Williog creditors have ounumbered the waiting line of eager borrowers. Not surprisingly, the result has been the development of a borrowers market, but there are signs that the situation is being reversed.

In recent years, the ranks of ioternational hanking syndicates have swelled, encompassing diverse institutions from the United States, West Germany, Switzerland, Luxembourg, Britain, France, the Netherlands and Japan.

The pride of belonging to an international syndicate has enticed many banks, while others have sought the prestige of heading a lending group. But certainly, the primary attraction has been the potentially lucrative nature of ioternational syndicate lending, and this has been reinforced hy the desire for safety in numbers.

No Authority

Such a flow of entries alone would have been enough to heighten competition among these bankers, hut two other factors quickly overpowered the banking professionals: Namely, burgeoning liquidity in the Eurodollar market and slackening loan demand from borrowers with top credentials.

Without the regulation of a central monetary authority, like the U.S. Federal Reserve System, the reservoir of funds in the Euromarket has risen freely to an estimated $600 billion. Especially during the last five years, Euromarket bankers have found themselves flooded with cash.

However, they have also heen faced with a wholly unexpected prohlem — the prolonged global recession that followed the oil-price boost in 1973 by the Organization of Petroleum Exporting Countries (OPEC).

As the economies of Europe, the United States and Japan receded, many major corporations found no oeed for loans, regardless of the ample supply of capital and the low rates of interest offered hy the Euromarket: Swamped with cash and unable to attract a sufficient number of first-rate borrowers, Euromarket bankers struck out in two directions simultaneously: Cutting interest rates until costs were barely covered and considering borrowers who had previously been deemed unacceptable, particularly some of the less developed couotries. By doing so, the Euromarket bankers were exposing their Achilles' heel — their vulnerability to barsb internal competition.

Rate-curting eventually became commonplace as various banks tried to outmaneuver their compeotors. According to insiders, some banks even settled for interest rates that were below costs, hoping to attract further business at higher rates of interest.

Rate-cutting eventually became commonplace as various banks tried to outmaneuver their competitors. According to insiders, some banks even settled for interest rates that were below costs, hoping to attract further business at higher rates of interest.

Earlier this year, several banks, particularly U.S.-based banks, began to dig in their heels. They preferred to abstain from syndicated loans as opposed to seeing rates fall any further. At that time, John Waage, vice chairman of Manufacturers Hanover Trust Co., said in an interview in London that U.S. banks had decided to withdraw temporarily from the Eurocredit market. But he also ooted that as for "the appetite of oondollar banks to fill the gap in low-margin lows . . . it will come home that they don't have a lender of last resort behind them."

Mr. Waage's reference to a lender of last resort pointed to the lack of a central monetary agency in the Euromarket that can dish out credit when needed in order to maintain a balance in the banking system. Indeed, many analysts worry that if there ever is a severe credit squeeze in the Euromarket, some banks could go under for lack of a lender of last resort.

"Higher margins would result in a healthy banking sector," Mr. Waage argued. Instead, every large bank in the Euromarket was "competing head-on" and the market was subsequently getting "picked over," he said. As banks began to shave margins, a danger to the entire system arose, he added. "There has been too much expansion, too quickly, by too many banks," be asserted. The fact that there are "too many avid lenders choosing too few worthy borrowers . . . will come back to haunt us."

Part of the reason for the development of this situaoon has been the vast excess of liquidity throughout the world financial market. Moreover, the volatility of those funds has become "scary," experts say. For instance, a big London bank can handle single payment of up to $500 millioo at a time, mainly due to the onslaught of oil mooey from the Middle East. This has spilled over into the Eurocredit market.

Generally, a profit margin of one percent — in this case, the difference between a bank's funding cost on the London interbank market and the amount charged for lending — is considered essential for the long-term profitability of a banking institution.

Bankers point to a margin of 0.75 percentage points above the London interbank offered rate (Libor) as the break-even point. Despite this, Euroloans earlier this year began carrying margins of only 5/8 percentage points and later dropped to 1/2 of a point. A rate of 5/8 of a point is said to be only enough profit to pay for overhead. Anything below that is "downright crazy," said one analyst.

According to Mr. Waage, lowering credit standards is "the most dangerous" aspect of the current Euromarket dilemma. But this is compounded by the fact that "low margins reduce profitability and make it more difficult to write off bad loans."

Downtrend

The downtrend in borrowing costs now seems to be reversing course. Leading German banks were understood to have refused to participate in a major $300 million, 10-year standhy credit in October for Electricite de France (EDF) because the spread was too low. The terms originally suggested included a spread of 3/8 points above Libor, rising to 1/2 of a point. Such a spread would have been the lowest reached in the downturn in borrowing costs.

As it turned out, Credit Lyonnais put together a management gr for EDF, but the amount raised to $600 million. The terms the standby facility, which will used as a back-up line for an equi alent amount of commercial pape in the United States, will includ maturity of 10 years, with eig years' grace and a spread of half point throughout.

Mavericks have commonly be hlamed for the profit-margin tu hles of the Eurocredit market. this regard, German and Japanes banks hove been singled out. The hanks obviously enjoy the large nancial resources supplied by the respective economies and strength of the Deutsche mark the yen. But the weight of mone circulating in the Euromarket, pace at which it is able to ch hands and the ferocity of compe oon among all banks in this ma probably have been the determ ing factors behind the ma squeeze.

Effect of U.S. Monetary Curbs

(Continued from Page 7)

predicted by looking at the details of foreign lending. The total volume of claims arising from U.S. bank lending across national borders equaled $194 billion at the end of last year. Of this total, 43 percent represented elaims on residents of Switzerland and the other 10 largest industrial nations. A further 22 percent was accounted for by offshore hanking centers and other developed industrial naoons. The actual total volume of such claims outstanding to non-oil producing developing countries was $47 billion.

Further, about two-thirds of all the outstanding foreign claims had a maturity of less than one year, and only $12 billioo had a maturity of more than five years. Fully $96 billion of the claims were against other banks, while $60 billion were against oonbank private borrowers, leaving just $38 billion against public sector entities.

In addition, the U.S. banks reported $49 billioo in foreign local currency claims, but they had $40 billion in foreign local currency liabilities; 73 percent of the claims were against residents io the largest industrial couotries. The U.S. banks also had contingent claims on foreigners — where the banks had a legal obligation to provide funds — which amounted to $52 billion, and only 25 percent of this sum was against public sector borrowers.

Thus the actual volume of loans outstanding is so vast that it fully justifies close monitoring by the authorities. But the majority of these loans are short-term in nature, and to borrowers that may well be considered of prime caliber. Indeed, it appears that the biggest concern of the authorities centers on the risks involved to the banks through the $47 billion in loans to non-oil producing developing couotries.

But once again the actual figure here tends to overstate the seriousness of the situation. The fact is that Mexico accounts for $11.21 billion of these elaims and Brazil accounts for $11.99 hillion, and the authorities evideotly do oot think that either of these countries is likely to default. It also seems that the aothorities are not worried about the $2.81 hillion in claims oo Taiwan, or the $3.07 billioo in claims on Sooth Korea or the $2.05 billioo in claims on the Philippines.

Iodeed, with a careful look at the list it appears that these days the most coocern by the U.S. authorities centers on less than 10 percent of the total foreign loans made by U.S. banks — a volume that is substantial, but manageable.

Further, the authorioes appear, by and large, to be fairly impressed by the systems developed by most big banks io the United States to evaluate country risk and monitor their foreign loans. There are also indications that many banks are themselves most concerned about the risks involved in lending to an increasing number of developing countries and that they are, as a result, striving to slowly reduce their exposure to such risky nations.

All the same, there is a distinct feeling io U.S. banking circles that the authorities will become more stringent and will force some slowing of foreign lending. Many bankers, bowever, believe that this will only encourage increased foreign lending by European banks and more borrowing by these European institutions in U.S. markets to finance this lending. The result m be negligible in terms of the grow rate of the Eurodollar market its

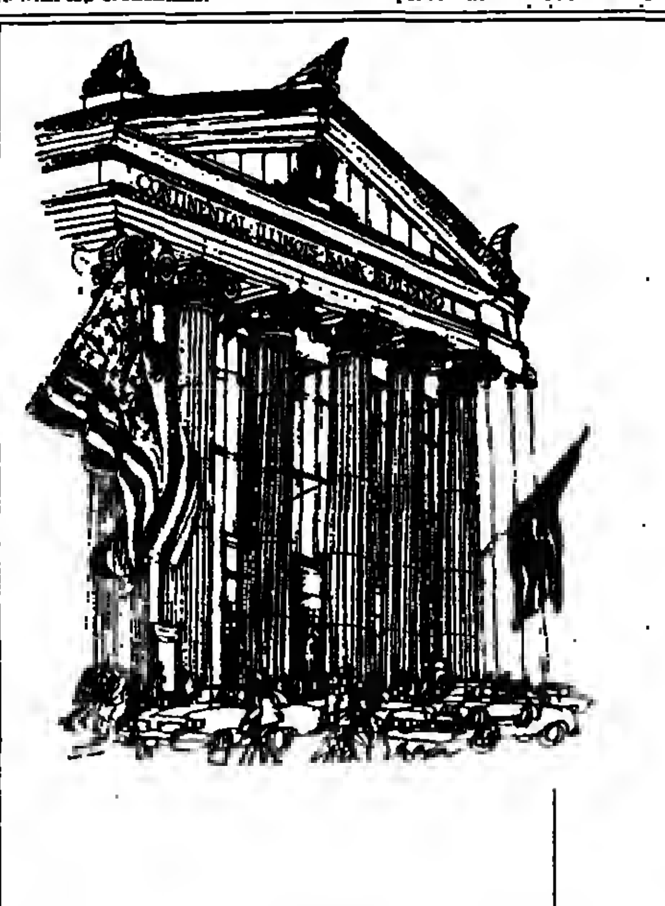
And this conclusion brings t ball right back into the court U.S. monetary policy. More restri öve measures bere would limit amount of credit obtained, direc or indirectly, hy foreigners in t U.S. market and thereby wou slow tbe growth of the Eurodoll market.

To bring about a meaning slowdown, however, a more restri tive U.S. monetary policy wou bave to be accompanied by ma cuts in the U.S. balance of pa ments deficit.

Finally, bankers in the Unit States are convinced that if, b cause of mounting credit risks actions by the authorities, hanks are forced to cut back, th official institutions such as the ternational Monetary Fuod w simply have to do more to finan the debt mountains of numero countries, as well as keep the glob money and credit system well oil and prevent a serious trade and i vestment slump.

Cooversations with bank regul tors, top administration officials Washington as well as banke show surprising agreement on t two key conclusions concerning t further development of the Eur dollar market. First, that admini trative controls will simply n work and will do more harm tha good. And second, that the be long-term means of producing be ter control rest in greater disciplin in fiscal and monetary policy o the part of U.S. authorities.

Will such discipline develo The private bankers say no an not surprisiogly, the public officia say yes.



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Consolidated Statement of Condition/*September 30*

(in millions)	1978	1977
Assets		
Cash and due from banks	$ 2,384.5	$ 2,594.4
Total funds sold	3,965.1	4,116.8
Investment securities:		
U.S. Treasury and Federal agency securities	552.5	623.8
State, county and municipal securities	1,559.3	1,627.2
Other securities	310.0	242.5
Trading account securities	313.1	266.3
Total loans	16,465.1	13,405.8
Less: Valuation reserve on loans	173.8	164.0
Net loans	16,291.3	13,241.8
Lease financing receivables	352.2	309.4
Properties and equipment	185.1	160.8
Customers' liability on acceptances	676.0	318.0
Other real estate	26.3	31.9
Other assets	669.1	598.8
Total assets	$27,284.5	$24,131.5
Liabilities		
Deposits:		
Domestic—Demand	$ 3,785.1	$ 3,454.8
Savings	1,323.1	1,458.0
Other time	5,451.5	4,113.5
Overseas branches and subsidiaries	8,126.9	8,121.6
Total deposits	18,686.8	17,147.9
Federal funds purchased and securities sold under agreements to repurchase	4,808.2	4,409.1
Long-term debt	413.8	318.6
Other funds borrowed	823.7	411.2
Acceptances outstanding	878.1	327.5
Other liabilities	681.8	534.2
Total liabilities	26,092.2	23,148.5
Stockholders' Equity		
Preferred stock—without par value:		
Authorized: 10,000,000 shares, none issued		
Common stock—$5 par value:		
Authorized: 80,000,000 shares both years		
Issued and outstanding: 1978—39,153,525 shares		
1977—35,560,460 shares	195.7	177.8
Capital surplus	507.5	428.1
Retained earnings	489.1	377.1
Total stockholders' equity	1,192.3	983.0
Total liabilities and stockholders' equity	$27,284.5	$24,131.5

In Europe Antwerp, Brussels, Liège, Düsseldorf, Munich, Frankfurt, London, Piraeus, Athens, Thessaloniki, Madrid, Rotterdam, Amsterdam, Milan, Rome, Paris, Vienna, Zurich, Geneva, and Edinburgh

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FINANCE

PARIS, WEDNESDAY, NOVEMBER 29, 1978

Assurance Given to Strauss

Ullman to Urge Congress To Extend Duties Waiver

ENEVA, Nov. 28 (AP-DJ) — Ullman, D-Oregon, chairman of U.S. House Ways and Means mmittee, said today he had as- d special trade negotiator Rob- Strauss that he would introduce lation very early in the new gress to extend the countervail- duty waiver.

He said the extension he would would be for a period long ugh to assure that the Congress ld have ample time to consider an agreement resulting from the world trade talks, which, it is hoped, will result in a pact before Christmas.

He added that he did not underestimate the difficulties in getting early congressional approval. "It is my judgment that if Congress is to give quick and favorable consideration to legislation extending the waiver, we will need to have a very clear picture of the final (trade) package," he asserted. "While certain relatively minor items might be left for detailed resolution after the overall conclusion, the specifics of the major items will need to be in hand at an early date."

The U.S. Treasury's authority to waive countervailing duties on imports of goods subsidized by other governments expires Jan. 3. Mr. Strauss has assured the Common Market that the U.S. administration would use all available legal and administrative means to see that these duties are not applied. However, these assurances have not satisfied France, which has said it will not sign any trade accord unless more satisfactory guarantees are given by the United States (IHT, Nov. 23).

A decision on signing a trade accord has to be taken unanimously by the EEC Council of Ministers, which next will meet Dec. 20. About $500 million of EEC exports annually could be subject to the countervailing duties if the Treasury is obliged to levy them. The products involved are mainly Danish hams and butter cookies and Dutch cheeses.

Earlier today, Robert Brungart, representing the United States at the meeting of the General Agreement on Tariffs and Trade, said that protectionist pressures will continue, and perhaps intensify after the end of the talks.

Negotiators have repeatedly said that attempting to lower tariffs and set new trade rules had been made more difficult because of protectionist sentiment sweeping the industrial nations.

Mr. Brungart said "Protectionist pressures are so strong that if we don't move forward we shall surely move backward. The time has come, therefore, to begin thinking about a work program for GATT following the MTN (Multilateral Trade Negotiations). We don't have unlimited time."

Dollar Ends Steady in Light Trade

ONDON, Nov. 28 (AP-DJ) — dollar ended little changed nst most currencies in subdued opean trading today. Following h the same pattern as yester- it rose in the morning but lost ts gains by the late afternoon.

he disclosure that the U.S. con- er price index rose 0.8 percent October was in line with expec- ons but was nevertheless mildly ppointing, dealers said.

Dealers said that considerable in- st is focusing on tomorrow's re- e of U.S. trade figures for Octo- So far, guesses are ranging be- en a $1.5 and $2 billion deficit pared with a $1.69 billion defi- n September and a $3.1 billion cit in October 1977.

trading for Deutsche marks, dollar finished about un- nged at 1.9265 in London deal- compared with 1.9260 late yes- ay. It ended at 1.7365 Swiss ncs compared with 1.7375. How- it edged higher against the yen 96.60 from 196.20 as the result persistent purchases of dollars Japanese banks.

he dollar slipped against the nch franc to 4.4120 from 4.4255 was mixed against the Benelux encies and gained against the The Canadian dollar rose to 9 U.S. cents from 84.98.

terling rose to $1.9471 from 425 and also gained against t other currencies.

Gold prices continued to drop ad of next month's U.S. auction 5 million ounces. In London, a price was $195.38 per ounce, wn from $197.63.

FINANCIAL NEWS AND NOTES

S. Korea Airline Eyes U.S. Craft

Korean Airlines is negotiating with two U.S. aircraft manufacturers for a fleet of wide-bodied jets that could have a total value of almost $1 billion, according to sources close to the airline. Boeing and McDonnell Douglas are competing for the contract which, in addition to having a value of $800 million to $990 million, would assure the contractor steady additional orders for new and replacement aircraft. The carrier is planning to limit its acquisitions to one type of aircraft — either the Boeing 747 or DC-10 — to unify its fleet for more efficient operations and maintenance. The airline currently flies both types of planes.

AMC in Business 'to Stay'

American Motors Corp. and Chrysler agree in part with an auto industry report that said federal regulations overburden smaller automakers (IHT, Nov. 28). However, AMC chairman Gerald Meyers says the company is in no danger of folding, despite predictions in the study. "American Motors is in the automobile business to stay and has agressive plans for the future," he says. "Of course, government regulation is one of the forces tending to influence the future, bnt American Motors' strategy plans for our growth in spite nf government interference."

Sharp Plans U.S. Electronics Plant

Sharp Corp., a Japanese electronics equipment producer, says it plans to build its first U.S. manufacturing facility near Memphis to produce microwave ovens and color tv sets. The plant, which will be completed late next year, will produce 30,000 microwave ovens and 10,000 color television sets a month during its first year nf operation and will operate as the manufacturing division of Sharp Electronics Corp.

Metallgesellschaft Sees Payout Cut

Metallgesellschaft expects to pay a lower dividend for 1977-78, after last year's 5-Deutsche-mark payout, due to lower provisional domestic group earnings, managing board spokesman Gustav Ratjen says, but gave nn details. He told a press conference the outlook for next year is viewed with scepticism, although it is not expected to be bad. In a shareholders' letter giving provisional results, the company said domestic group sales tn third parties in the Sept. 30 year rose 2 percent to 7.06 billion DM, with domestic sales down 5 percent at 3.68 billion DM and exports up 11 percent at 3.39 billinn DM.

Bendix Expects Record Earnings

Bendix Corp. senior vice president Joseph Svec says he expects the company to produce record earnings in the year ending Sept. 30, 1979, hut with little overall change in sales. In the latest fiscal year, Bendix net income totalled $129.6 million on sales of $3.6 hillion with per share income $5.74. He says debt ratio at the end of September was some 31 percent, having been as high as 35 percent in the year, and that this is about right for maintaining its bond ratings.

Volvo, Norway Finally Nearing Accord

By John Vinocur

STOCKHOLM, Nov. 28 (NYT) — Several months behind schedule, Vnlvo and the Norwegian government appear to be close to a final agreement on Norway's purchase of 40 percent of the Swedish automaker.

The agreement, which would give Sweden access to Norwegian oil and give Volvo $177 million in new capital, had been bogged down so badly that Prime Ministers Ola Ullsten of Sweden and Odvar Nordli of Norway had to meet for 10 hours last month to resolve various differences.

As things now stand, a revised outline of the agreement is expected to be announced Dec. 8, almost two months past the deadline. Provided that the required approval of the Norwegian parliament and Volvo's shareholders follow promptly, the new company could come into being next January.

"We have cars and they have oil — it's as clear as that," Mr. Ullsten said, discussing the transaction in an interview. But bringing Volvo Svenskt-Norskt AB to life has hardly been simple.

Basically, the agreement calls for private Norwegian interests to provide the money for m least half of the needed capital. Three large Norwegian banks are to arrange this part of the financing and then sell bonds and shares to Norwegian investors.

Volvo, which has no immediate plans to build car-assembly plants in Norway, has agreed to manufacture diesel engines there. The car maker's commitment is to create 3,000 to 5,000 new jobs in Norway in the next five years. At the same time, the agreement will give the Volvo Petroleum Company, which is an offshoot of the arrangement, one or more Norwegian offshore North Sea oil concessions to be allocated shortly.

Government discussions on long-term Norwegian oil supplies for Sweden are also being carried on, although they are not directly related to the auto-oil concession discussions. It is expected that, in return for sharing its industrial capabilities with its Western neighbor, Sweden will eventually get an oil agreement that assures it of a supply equivalent to about one-third of its present consumption.

For Volvo, the agreement not only provides fresh capital but also extends its narrow "home" market, whieb currently absorbs only 20 percent of its automobile output, to include more of the Scandinavian peninsula.

"This was no desperate search for money," a Volvo spokesman said. "Our interest is focused on the end of the 1980's. This broadening of our base lets us take a more offensive position in product planning and marketing."

The difficulties in tying up the agreement have come from both the Swedish and Norwegian sides.

The Norwegian Federation of Industries has expressed its doubts that the money the Swedes would put aside for creating Norwegian jobs could ever result in 3,000 to 5,000 new positions. The question of how 40 percent of Volvo's profits could be taxed in Norway — one of the stipulations of the original draft agreement — also remains unresolved. This would require significant changes in Swedish tax law and possibly unprecedented decisions involving multinational operations in both countries.

Some of Volvo's Swedish shareholders have expressed concern about difficulties the Norwegian gnvernment might encounter in attracting private buyers to the new company's shares. In addition, they do not like the extent of Norway's official involvement in the company.

Swedish labor unions, though, have not fought the plan.

The renewed likelihood that the agreement will indeed go through soon has brought a new mood of optimism to Volvo. The automaker suffered serious sales declines in 1976 and 1977, but performance this year is running 10.6 percent above 1977 figures. October sales showed a 16-percent increase from the year-earlier level, but much of the success is apparently because of the devaluatioo of the Swedish krona.

A Volvo spokesman said Norway's proposed role in the company should not bring about any changes in Volvo's image or management approach. "But we're convinced that it makes us a stronger company," he said.

Food, Housing Costs Lead Rise

U.S. Consumer Prices Up 0.8%

WASHINGTON, Nov. 28 (UPI) — Led by sharp increases in food and housing costs, U.S. consumer prices surged 0.8 percent in October from the previous month and were up 8.9 percent from a year earlier, the government reported today.

The increase matched the September advance.

The Labor Department said its consumer price index for all urban consumers, which covers about 80 percent of the population, stood at 200.9 last month. The index base is 1967.

The department also reported that individual purchasing power in October slipped below year-agc levels for the fifth cnnsecutive mnnth.

Food and beverage costs jumped 0.8 percent, the largest gain since June and considerably above the 0.2 percent advance of August and the 0.5 percent increase of September. Grocery prices jumped 0.9 percent after leveling off during the summer, primarly because of large increases in meat costs.

Housing costs rose 1 percent, also the largest since June, as bome prices and mortgage interest rates continued to climb. Medical care costs rose 1.1 percent, the biggest increase of 1978. Entertainment costs doubled from the previous month, rising 0.8 percent.

President Carter's anti-inflation program has a goal of bringing inflation down to between 6 and 6.5 percent in 1979, a development which most private economists believe is highly unlikely.

Meat prices rose 2.1 percent after falling in the previous three months. Pork prices rose 3.7 percent, the first gain in five months. Beef prices climbed 1.6 percent following an 0.4 percent gain in the previnus month and poultry prices, which declined in both August and September, rose 2.5 percent. Prices also increased for fruits and vegetables, eggs, dairy products and cereal and bakery products.

In the housing category, bome prices rose 1.4 percent and mortgage interest rates jumped 0.7 percent, about the same as in September. However, the measurements were compiled before the government's Nov. 1 dollar-rescue plan was announced. Since then, mortgage rates have soared dramatically.

The department said inflation-adjusted weekly earnings of a hypothetical married worker with three dependents fell 0.1 percent in October, the third consecutive monthly drop. Cnmpared with a year ago, real earnings were down 3.6 percent. It was the fifth consecutive month that earnings were nff from a year earlier, the department said.

U.S. Posts Deficit In October Budget

WASHINGTON, Nov. 28 (AP-DJ) — The U.S. government had a $13.95-billion budget deficit in October, the first month of the fiscal year compared with a deficit of $14.66 billion in the comparable month a year earlier.

In September, the government posted a $13.66-billion budget surplus. Receipts in October totaled $28.75 billion up from $24.13 billion a year earlier but down from $42.59 billion in September. Outlays were $42.69 billion, up from $38.79 billion a year earlier and $38.94 billion in September.

NYSE Prices End Lower In Light Trading Session

NEW YORK, Nov. 28 (Reuters)— A late sellnff pushed prices sharply lower nn the New Ynrk Stock Exchange in light trading today.

Analysts said investors may have grown cautinus ahead of repnrts due tomorrow on U.S. leading indicators for October and the October trade figures.

They also said the late pullback began shortly after presidential inflation adviser Alfred Kahn warned that "the dangers of a serious recession would be enhanced if inflation is not brought under control."

After the close, Wage and Price Council director Barry Bosworth said the 8-percent U.S. inflation projection now appears too low.

The Dow Jones industrial average fell 9.7 points to 804.14 and declines led advances 877 to 524. Volume rose to 22.74 million shares from yesterday's 19.79 million.

The retreat was led by glamour and growth stocks. IBM lost four to 267¾, Boeing, the volume leader, 2⅞ to 64½, Du Pont 4⅛ to 119⅛, Smithkline 2¾ to 89¾ and Teledyne 2¾ to 95¼.

Consolidated Freightways lost two to 22½ and McLean Trucking one to 13. The interstate Commerce Commission suggested the trucking industry accept a lower freight rate hike than it requested.

White Motor Corp. said it agreed to settle a suit brought against it by Studebaker-Worthington Inc. Under the agreement, White will issue 1.05 million common shares to redeem White preferred stock owned by Studebaker's FSC International Cnrp. and fnr accrued unpaid dividends on the preferred.

Ford Motor lost ½ to 40¾ and General Electric ½ to 49.

Prices on the American Stock Exchange also fell, with the market-value index off 1.4 points to 147.44.

In Chicago, soybean and grain prices edged lower on the Board of Trade despite continued export demand for U.S. grains.

U.S. Contracts In Building Rise 40% in October

NEW YORK, Nov. 28 (AP-DJ) — U.S. construction contracts in October jumped 40 percent to $14.9 billinn from $10.6 billion in October 1977, the F.W. Dodge division of McGraw-Hill reported today.

George Christie, Dodge's chief economist, said, however, that he expects the rate of contracting to begin to decline early next year because of increased monetary restraint by the Federal Reserve Board.

The biggest percentage gain last month came in contracting for non-building construction, which leapt 98 percent to $3.9 billion from $2 billion in October 1977. Last month's figure included $2 billion in contracts for three coal-fired electric power plants in Indiana, Texas and Kentucky.

U.S. DM Bonds Seen by Mid-December

By Paul Lewis

ARIS, Nov. 28 (NYT) — The S. Treasury will borrow 2.5 bil- to 3 billion Deutsche marks in West German capital market t month as part of President ter's latest plan to defend the ar, an authoritative monetary rce disclosed last night.

The borrowing, part of U.S. ns to raise a total of $10 billion th of marks, Swiss francs and to use in dollar-support opera- s, will be made in early to mid- cember will be made through the sale of United States bonds, referred to as "Carter bonds."

They will be sold only to West German residents to prevent non-German investors from depressing the dollar further by selling their dollars to buy the DM-bonds. German banks and insurance companies are likely to be the prime subscribers. European bankers expect the bonds to have a life of three to four years. They also doubt that the Treasury can get an interest rate of much under 5 percent, since the German government recently paid 4.89 percent on a two-year public loan.

The borrowing in Germany is expected to be followed by similar borrowings in Switzerland and Japan, although these may not take place until early next year. In the last few weeks, Treasury officials have visited West Germany, Switzerland and Japan for talks with bankers about the new bond issues and the expectation in European banking circles is that the Carter administration will raise $4 hillion worth each of West German marks and Japanese yen and $2 billion worth of Swiss francs, in several separate borrowing operations over the coming months.

News that the United States will raise more ammunition for the dollar's defense came after a working lunch here between Treasury undersecretary Anthony Solomon and the Bundesbank vice president, Karl-Otto Poehl, who are both attending a meeting of high-level Western monetary experts known as Working Party No. 3 of the Organization for Economic Cooperation and Development.

At this meeting there was general agreement that the U.S. balance-of-payments deficit would shrink dramatically next year to $6 billion to $8 billion, compared with an expected figure of about $19 billion in 1978.

But, according to newly prepared OECD forecasts that try to predict the consequences of Mr. Carter's Nov. 1 measures, the price of this improvement will be a sharp slowdown in the real growth rate of the U.S. economy, from an annual rate of about 3.8 percent this year to only 2 percent next year. This growth forecast is lower than the 3 percent the administration still believes possible next year, implying a higher level of unemployment.

Spain Economic Progress Said Satisfactory in 1978

MADRID, Nov. 28 (AP-DJ) — in's economic evolution this r showed satisfactory results, l expectations for 1979 are opti- tic, Commerce Minister Juan rcia Diez, said yesterday.

'We have corrected the balance- payments deficit, substantially uced the inflation rate, and ed up to, as expected, serious problems of investment and unemployment," he said.

The present year was expected to close with an increase of about 2.4 percent in the gross national product, compared with an originally estimated growth of about 1.1 percent, he said. Tourism was expected to earn an income of $5 billion from a record number of nearly 40 million visitors to Spain this year.

Spain's level of international reserves was $9.59 billion by the end of October, according to the Bank of Spain. If this continues, government officials said, reserves should reach more than $11 billion by the end of the year.

The balance of payments was forecast by officials to end the year with a surplus of around $500 million — the first positive balance since 1973.

The consumer price index is not estimated to exceed 16 percent by the end of 1978, 10 points less than in the previous year. However, this improvement, experts said, has been achieved at the expense of an increase in unemployment and investment weakness of some industries.

A government goal for 1979 is to hold inflation to 10 percent, a figure double the average inflation rate in the countries of the European Economic Community. It also is the highest among the countries of the Organization for Economic Co-operation and Development, except for Portugal and Iceland.

Unemployment, presently estimated at nearly one million or 7.5 percent of the labor force, is one of the two negative points of the economy. The other point is a low level of investment.

"If the wage evolution stays around 10 percent," the minister said, "and entrepeneurs are not afraid to increase payrolls and are confident of keeping adequate levels of productivity in their firms, we will be in a condition to permit a reactivation of private investment."

Company Reports

Revenue, Profits in Millions of Dollars

Hewlett-Packard

h Quar	1978	1977
venue......	516.00	379.00
fits........	52.00	33.00
share.....	1.76	1.14
Year	1978	1977
venue......	1,730	1,360
fits........	153.00	121.00
share.....	5.27	4.27

Litton Industries

d Quar	1978	1977
venue......	940.50	903.40
fits........	9.35	15.62
Share.....	0.21	0.38

French Prices Increase

PARIS, Nov. 28 (AP-DJ) — nch industrial wholesale prices 0.7 percent in October from tember, compared with a rise of percent in September, the statis- institute reported today. The ober index of industrial whole- prices, base 100 equals 1962, od at a provisional 231.4 at the l of October, compared with a ised 229.2 a month earlier.

ITC to Seek Curbs

WASHINGTON, Nov. 28 (AP-J) — The U.S. International ade Commission voted today to k President Carter to restrict im- ns of wood and plastic spring- e clothespins from Chinn and her countries.

China Stepping Up U.S. Grain Purchases

WASHINGTON, Nov. 28 (UPI) — The Chinese have bought 6.2 million metric tons of U.S. grain in recent months, after a four-year hiatus from the U.S. market.

The latest purchase, announced yesterday, was for 350,000 metric tons of corn. Since the Chinese renewed purchases nf U.S. grain in April, they have bought 2.3 million tons of corn and 3.9 million tons of wheat.

2 Alaska Men Admit Receiving Japanese Bribes

LOS ANGELES, Nov. 28 (UPI) — Two Alaska men have admitted taking thousands of dollars in bribes from two Japanese subsidiary companies in return for rigging bids on $8.8 million in contracts with the Anchorage telephone utility (IHT, Nov. 19).

Forrest Ellis and Richard McBride entered guilty pleas yesterday before U.S. District Court Judge Harry Pregerson after pleas of innocent by Marubeni American Corp. and Hitachi Cable Ltd., the two Los Angeles-based companies that allegedly paid the bribes.

Under questioning by Judge Pregerson, both men admitted conspiring with officials of the two Japanese companies to rig the contracts. They pleaded guilty to conspiracy, interstate travel to commit bribery and wire fraud, while Mr. McBride admitted to an additional charge of mail fraud.

Despite the guilty pleas by Mr. Ellis, a commission agent for Marubeni, and Mr. McBride, a former Anchorage Telephone Utility official, the two companies said they planned to fight the charges.

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Market shares of total deposits

	1974 %	1978 (to Aug) %
The Skopbank Group*)	29,6	30,9
The cooperative banking system	22,4	23,8
Biggest commercial bank	16,8	15,5
Second biggest commercial bank	14,6	13,6
Others	16,6	16,2

*) Skopbank with shareholder banks

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The Skopbank Group
The Dynamic Third
of Finland

Street address: Aleksanterinkatu 46, SF-00100 Helsinki 10. Phone: 170 361. Telex: Foreign Exchange and Eurobonds 12759 skop sf, Payment Orders 122285 skop sf, General Business 122284 skop sf. SWIFT-address: SKOP FI HH. Affiliated bank: Banque Nordeurope S.A., Luxembourg.

NYSE Closing Prices November 28

12 Month High	Low	Stock	Div. in $	Yld.	P/E	Sls. 100s.	High	Low	Close Quot.	Ch'ge Prev Close
		— A—A—A —								
39½	28⅞	ACF	2.10	6.7	7	38	31⅝	31⅝	31⅝	+ ⅜
23⅞	15½	AMF	1.24	7.6	7	266	16¾	16¼	16¼	— ¼
14¾	8⅞	APL	1	9.5	53	113	10½	10	10⅛	+ ½
48¾	32⅞	ARA	1.64	4.6	8	124	36	35¾	35¾	— ¼
21⅞	19	ASA	1	4.4		400	23⅛	22¼	22½	— ⅜
14⅞	0½	ATO	.48	5.0	4	22	9⅝	9½	9⅝	+ ⅛
40	29	AbbtLb	.84	2.6	14	562	32¾	32¼	32¼	— ¼
23¾	11⅞	AcmeC	1	5.8	6	5	17⅛	16⅞	17⅛	+ ⅜
6¼	3¼	AdmDg	.04	1.1	5	40	3⅞	3¾	3¾	+ ⅛
13	11¼	AdaEx	1.11e	9.3		14	12¼	12	12	
8⅛	3⅞	AdmMl	.20e	4.1	8	28	4⅞	4¾	4⅞	+ ⅛
32⅞	13⅞	Addrsg	.28	1.2	9	55	22⅞	22½	22½	
45¾	31	AetnaLt	2.20	5.7	4	1398	39⅛	38⅝	38⅝	— ⅜
15	12⅛	Aguirre			35	10	14½	14½	14½	+ ½
26¾	15⅞	Ahmans	1	5.4	4	288	18⅞	18⅜	18½	
4	2¼	Aileen				12	2⅝	2½	2½	— ⅛
31⅞	22½	AirPrd	.60	2.4	9	425	25¾	25⅛	25¼	— ⅛
26¾	14⅝	AirbFrt	1	5.1	11	42	20¼	19¾	19¾	— ⅛
15¼	11¼	Akzona	.80	6.7	13	20	12⅛	11⅞	11⅞	— ⅛
18	14⅝	AlaGas	1.40	9.4	6	1	14⅞	14⅞	14⅞	+ ½
9¾	5	AlaP	dpf.87	10.		59	8⅝	8¼	8⅝	+ ¼
104½	90	AlaP	pf 9.44	10.		z140	92⅞	91½	92⅞	+2⅞
22¼	13¼	Alaskin	.66	4.1	15	62	16⅝	16⅛	16¼	— ⅛
40	16¾	Albany	1	3.9	8	49	25¾	24⅞	25¾	+1⅜
9⅞	6¼	Alberto	.36	4.9	10	21	7⅝	7⅜	7⅜	— ⅛
46¾	24⅞	Albertsn	.96	2.6	0	30	36¾	36⅜	36½	
37	21⅞	AlcanA	2	6.1	5	275	33⅝	33	33	— ⅛
31⅝	21½	AlcoStd	1.16a	4.6	6	17	25⅛	34½	25	+ ⅜
0½	5¼	Alexdr	.40	7.0	6	54	6	5¾	5¾	— ½
26	13⅝	AllegCo	1	4.7	0	55	21⅜	21	31⅜	
15	3⅝	AllegAir			3	323	9¼	8⅞	8⅞	— ⅜
29¼	18	Alle pf	1.87	9.1		24	21⅛	20⅝	20⅝	— ⅝

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(Continued on next page)

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world leader in mobile hydraulic cranes. Made in the U.S. and Europe; sold worldwide. Kidde is also the name behind leaders in safety, security and protection. Consumer and recreation products. Industrial and commercial equipment. Other Kidde highlights: 1977 sales $1.48 billion. Earnings/share $4.70. Annualized dividend rate up to $1.40/share. $1 billion total assets. More record quarterly results in 1978. For Annual Report, write: Dept. HT, Walter Kidde Co., Belvue Rd., Northolt, Middx. UB5 5QW, England.

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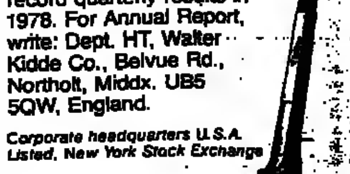
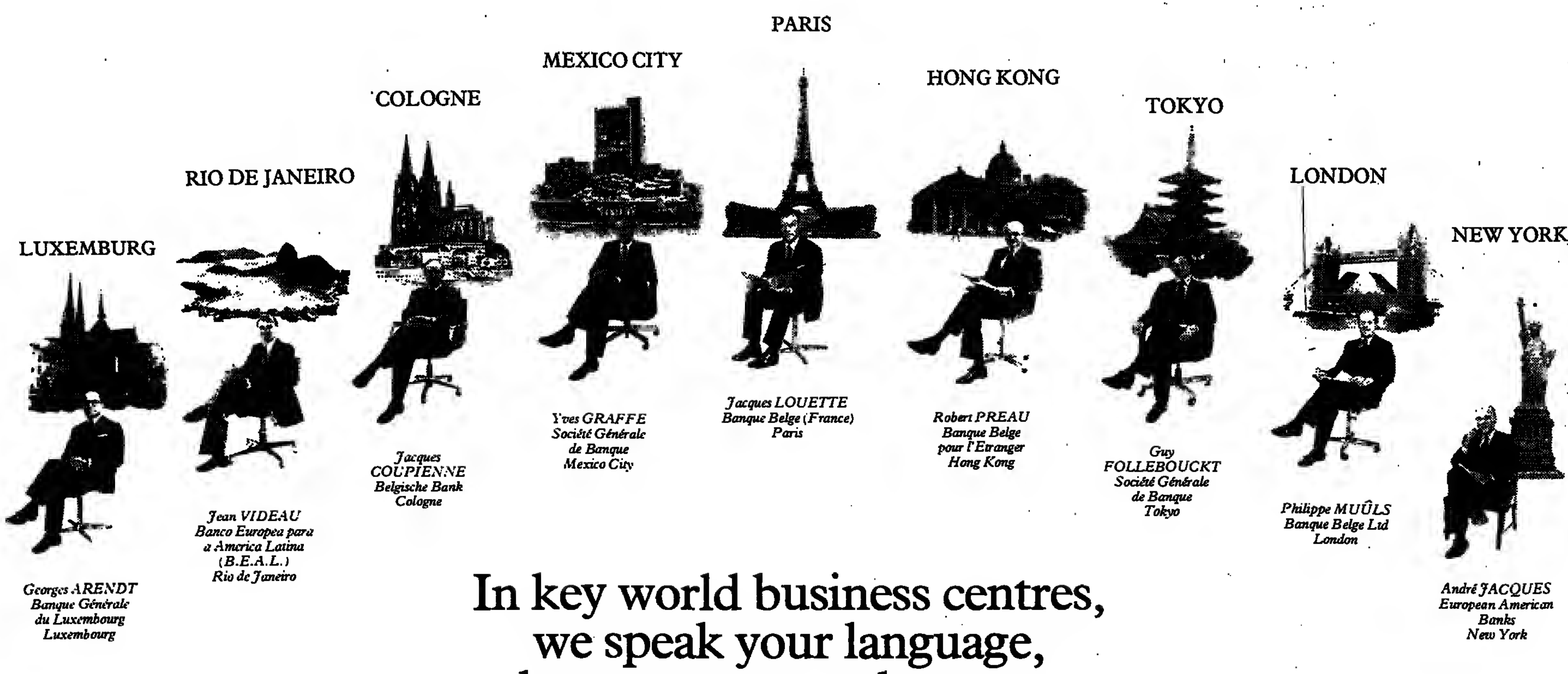


Parlez-vous International Business?



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NYSE Closing Prices November 28

(Continued from preceding Page)

12 Month High	Low	Stock	Div. In $	Yld.	P/E	Sls. 100s.	High	Low	Close Quot.	Ch'ge Prev Close
[illegible]										

(Continued on next page)

Toronto Stocks

Closing Prices November 28, 1978

Quotations in Canadian funds. All quotes cents unless marked $

Sales	Stock	High	Low	Close	Ch'ge
[illegible]					

Total sales 4,440,937 shares

Montreal Stocks

Closing Prices November 28, 1978

Quotations in Canadian funds. All quotes cents unless marked $

Sales	Stock	High	Low	Clos	Chg.
27356	Bnk Mont1	$25¼	24⅝	24⅞	+ ¼
4360	Can Cem	$12⅛	12⅛	12⅛	
100	Cdn Ind	$22	22	22	+ ¼
500	Conrad	$27½	27½	27½	
10634	Dom TxtA	$11⅜	11⅛	11⅛	— ¼
500	FCA Int	310	310	210	
4121	Laur Fin	$ 9⅝	9¼	9⅝	+ ⅛
1050	Power Cp	$21⅞	21⅞	21¾	+ ¾
100	RollandA	$ 8⅝	8⅝	8⅝	+ ⅛
4861	Royal Bk	$37¼	36¾	37	+ ⅜
585	Steinbrg A	$20½	20⅜	20⅜	— ⅜
150	Trizec	$16¼	16¼	16¼	+ ¼

Total sales 495,283 shares.

Currency Rates

By reading across this table of the November 28, 1978 's closing inter bank foreign exchange rates, one can find the value of the major currencies in the national currencies of each of the following financial centers. These rates do not take into account bank service charges.

	$	£	DM	FF	L.It.	Gldr.	BF com.	SwissF.	Dan.Kr.
Amsterdam	2.0885	4.072	108.55 *	47.30 *	0.2462	——	6.892 *	120.40 *	39.12 *
Brussels (c)	30.40	59.165	15.764	6.875	3.578 *	14.529	——	17.495	5.694
Frankfurt	1.928	3.7493	——	43.64 *	2.265 x	92.13 *	6.35 *	111.04 *	36.10 *
London(z)	1.94645	——	3.751	0.598	1,655.62	4.067	59.10	3.3775	10.386
Milan	851.70	1,654.60	441.05	192.43	——	406.56	27.97	489.05	159.37
Paris	4.4175	8.6065	229.35 *	——	5.203 x	211.40 *	14.5475 *	254.45 *	82.78 *
Zurich	1.73825	3.3816	90.1191 *	39.3119 *	0.2042	83.08255 *	5.72155 *	——	32.52625 *

The following are Dollar values as quoted on the London foreign exchange market: Danish Krone: 5.34075 ; Escudo: 46.925 ; Israeli £: 18.90 ; Peseta: 71.505 ; Schilling: 14.12 ; Sw.Krona: 4.4365 ; Yen: 196.70 ; Norw. Krone: 5.133 ; Fin Mark: 4.055 ; Belgian Financial Franc:31.09 ; Hong Kong $: 4.7965 ; Singapore $: 2.20775 ; Canadian $: 85.115 U.S. cents.

(c) Commercial Franc. (*) Units of 100. (x) Units of 1000. (y) Units of 10,000. (z) Amounts needed to buy one pound.

European Gold Markets

November 28, 1978

	A.M.	P.M.	N.C.
London	197.20	196.15	—2.25
Zurich	197.825	196.375	—2.28
Paris (12.5 kilo)	199.96	199.53	—2.49

Official morning and afternoon fixings for London and Paris ; Opening and closing prices for Zurich.
U.S. dollars per ounce.

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Formerly: Kraftco International Capital Corporation, New York, N.Y. (U.S.A.)

Notice to the Holders of the 7 1/2% Convertible Bonds of 1970

— Securities Identification N° 454 338 —

Kraft, Inc., Glenview, IL., U.S.A., hereby offers to the bondholders to purchase for redemption purposes the convertible bonds of the above-mentioned issue.

at a price of 109%.

The convertible bonds with interest coupons as of September 1, 1979, and subsequent thereto (N° 9 through N° 15) and 5 bearer receipts may be presented prior to December 15, 1978 in the Federal Republic of Germany, including Berlin (West), at

Deutsche Bank AG, Frankfurt am Main,
Deutsche Bank Berlin AG, Berlin,
Deutsche Bank Saar AG, Saarbruecken,

and their branch offices. The amount of missing coupons will be deducted from the principal.

Payment for the convertible bonds presented in accordance with this offer will be made value December 21, 1978. Interest for the convertible bonds presented will cease on December 20, 1978. Interest accrued for the time from September 1, 1978, to December 20, 1978, will be paid together with the purchase price. Securities turnover tax, if any, will be borne by us.

A commission of 1% of the purchase price of the convertible bonds will be paid to the depositary banks for those convertible bonds presented by them in accordance with this offer to compensate the commission customarily charged to their clients. The convertible bonds with interest coupons as of September 1, 1979, and subsequent thereto and 5 bearer receipts have to be presented together with a list in three copies.

According to the Conditions of Issue paragr. 4 (1) the Borrower has the right, upon not less than three months' notice, to redeem at par all outstanding convertible bonds on September 1, 1981, or any subsequent interest payment date.

Glenview, Ill., in November, 1978.

Kraft, Inc.

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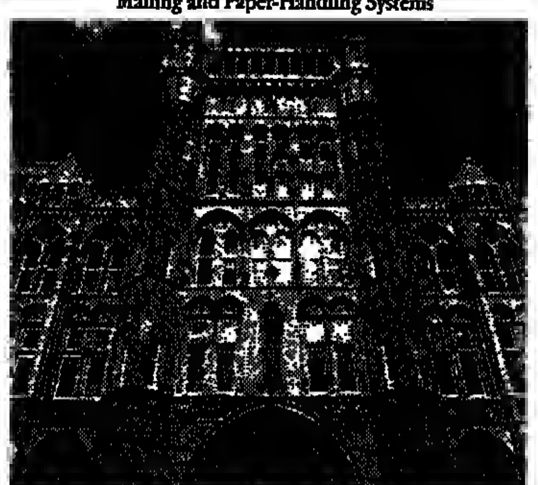
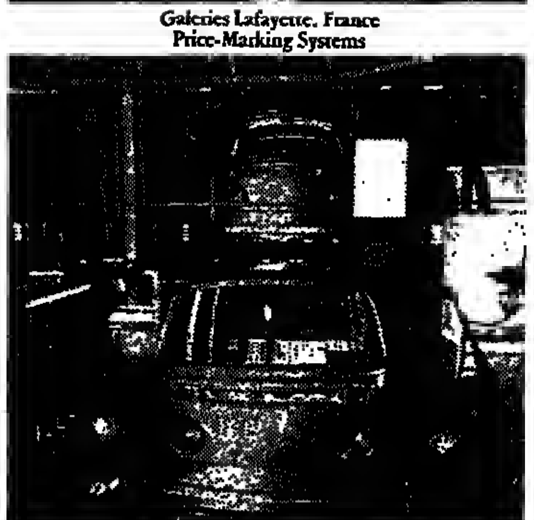


Prudential Assurance Co., Ltd., United Kingdom
Mailing Systems



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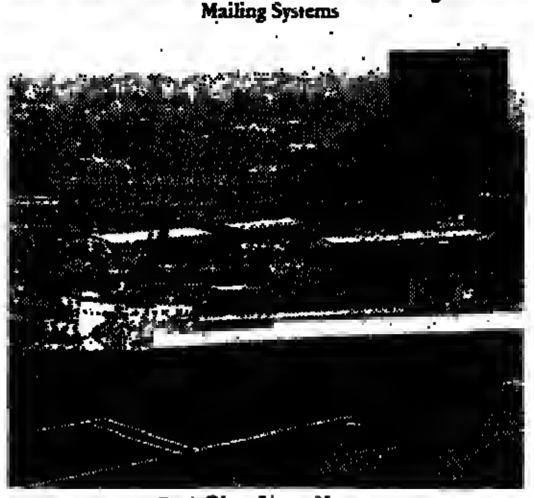

Fred. Olsen Lines, Norway
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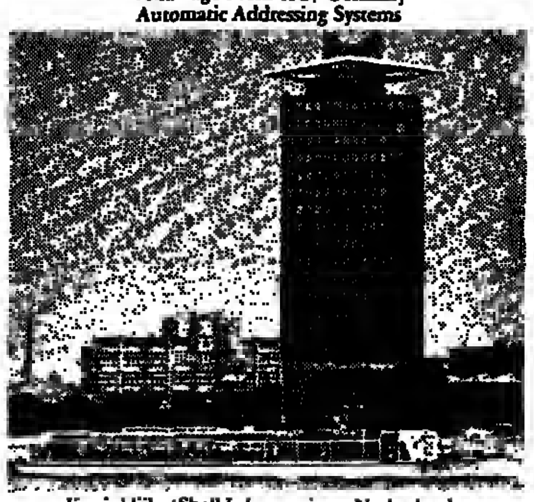
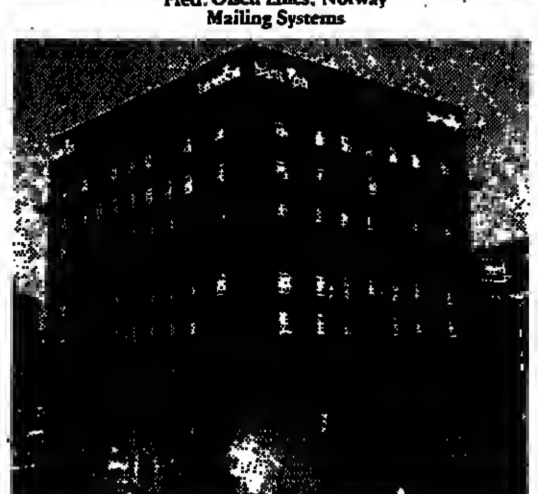


Koninklijke/Shell Laboratorium, Netherlands
Mailing Systems



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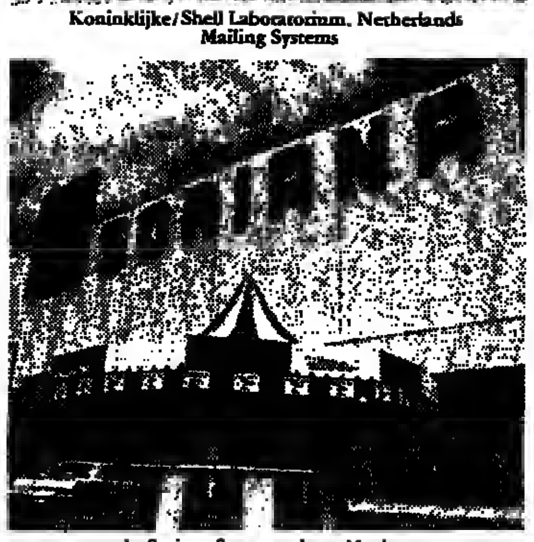

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NYSE Closing Prices November 28

(Continued from preceding Page)

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls. 100s.	High	Low	Close Quot.	Ch'ge Prev Close
23¼	14⅝	Mark. of	1.20	8.1		4	14¾	14¾	14¾	
35¾	22½	Marley	1	2.4	9	19	29½	29⅛	29⅛—	
16⅞	9⅝	Marriot	.16	1.3	9	472	12¼	12⅛	12⅛	
68¾	51½	MrshM	3.20	5.4	13	14	59½	59⅛	59¼—	
35¼	16	MrshF	1.24	7.3	9	317	17⅜	16⅞	16⅞—	
34⅛	22¾	MartM	1.80	6.5	6	40	27⅞	27½	27⅝+	
14	9¼	MaryK	.48	4.9	8	190	10¼	9¾	9¾—	
26¾	9⅞	Ma Cup	.49	2.0	9	16	25¼	24⅞	24⅞—	
26	15⅝	Masce	.52	2.6	9	232	28⅛	19⅞	20⅛+	
23⅞	14⅞	Masonll	.80	4.4	7	343	18⅜	18⅛	18⅛	
16	11⅛	MasM	1.29e	9.8	10	15	13⅜	13⅛	13⅛—	
16⅛	8½	MassyF				236	9⅝	9⅛	9¼+	
17¾	15½	MasCo	1.68	11.		38	16⅛	16	16 —	

— X—Y—Z —

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls. 100s.	High	Low	Close Quot.	Ch'ge Prev Close
12⅜	4	WorldAir			29	24	7	6⅞	7	+ ⅛
79⅛	56¾	Wrigly	2.40a	3.8	8	3	63½	63½	63½	
19⅞	0⅛	Wurlitzr	.60	4.6	6	15	10⅝	10⅝	10½	
19⅝	10⅞	Wyloln	.80	6.2	6	69	13⅛	12⅞	13	+ ⅛
11½	6	WyleLb	.36	4.8	5	64	7½	7	7½	+ ⅛
7½	2	Wyly				153	4	3⅞	4	+ ½
64	40½	Xerox	2	3.7	10	840	54¾	53¼	53½	— ½
50⅝	23	XTRA	.84	2.0	4	101	32⅛	31⅝	31¾	
24¾	10	Yates	.20	1.3	5	40	15⅝	15½	15½	
21⅞	14⅝	ZaleCp	1	6.2	8	83	16⅝	15⅞	16⅛	— ½
19⅝	10⅝	Zapata	.30b	2.5	11	79	12¾	11⅞	11⅞	— ½
17⅞	7⅛	ZayreCp			4	180	11⅞	11⅛	11⅛	— ⅜
19⅝	11⅛	ZenithR	1	7.4	32	315	13¾	13⅜	13½	— ⅛
19⅛	12½	Zurnind	.60	4.7	7	54	14⅝	14½	14½	— ½

Sales figures are unofficial
d—New yearly low. u—New Yearly high.

Unless otherwise noted, rates of dividends in the foregoing table are annual disbursements based on the last quarterly or semi-annual declaration. Special or extra dividends or payments not designated as regular are identified in the following footnotes.

a—Also extra or extras. b—Annual rate plus stock dividend. c—Liquidating dividend. e—Declared or paid in preceding 12 months. i—Declared or paid after stock dividend or split-up. j—Paid this year, dividend omitted, deferred or no action taken at last divident meeting. k—Declared or paid this year, an accumulative issue with dividends in arrears. n—New issue. r—Declared or paid in preceding 12 months plus stock dividend. t—Paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date.

x—Ex-dividend or ex-rights. y—Ex-dividend and sales in full. z—Sales in full.

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SEKISUI PREFAB HOMES LIMITED
(CDR's)

The undersigned announces that the Semi-Annual Report February, 1978-July, 1978 of Sekisui Prefab Homes Limited will be available in Amsterdam at:
Amsterdam-Rotterdam Bank N.V.,
Bank Mees & Hope NV,
Pierson, Heldring & Pierson N.V.,
Kas-Associatie N.V.

AMSTERDAM DEPOSITARY COMPANY N.V.

Amsterdam, November 22nd, 1978.

Opportunities GOLD has Helped Create

The late-October gold rush and ensuing collapse have helped create a sweeping range of new growth and trading opportunities among stocks, commodities and currencies which were driven out of line as the cycle turned. For example, the newest Dean & Dean report covers an Amex growth stock which fell from $33 to $20 even as sales were climbing 54 per cent, orders were rising by 68 per cent and profits were jumping by 89 per cent. With proper use of leverage we see a 500 per cent gain coming as the issue regenerates along with an overly-maligned U.S. economy. Then there were commodities such as SUGAR and SOYBEANS which dropped to important pivot points as gold sagged in early November, creating still further opportunities for high-multiple gains which you'll find the newest Dean & Dean report discussing.

As for GOLD itself, Dean & Dean technicians have anticipated a possible swing of $60 to $70 from its next turning point and you'll find full price projections for all key metals and currencies in this important study—gratis, of course to interested investors and speculators who want to know more about growth programs which can be undertaken from the soundest and fastest-growing of offshore financial centers. Complete and return the coupon.

Dean & Dean
INTERNATIONAL LTD.
Norfolk House,
Frederick Street,
P.O. Box N-8324,
Nassau, Bahamas.
Tel.: (809) 325-5275.
Telex: 20-329.

Gentlemen: Please send your new report on opportunities created during the newest GOLD turn and keep me on your complimentary list

NAME:..............................

ADDRESS:...........................

....

PHONE:.............................

European Markets

(Yesterdays closing prices in local currencies)

Zurich

Alusuisse	1,045
Buehrle	2,600
B Boveri	1,655
Cib Geigy	1,035
Cr Suisse	2,155
Fisher	545
HofRochN	6,525
Nestle	3,170
Sandoz	3,610
Sto B. Suisse	329
Sulzer	2,425
U.B. Suisse	2,930

London (partial)

Cadbury Sc.	0.57
Chartered	1.23
Courtaulds	1.22
De Beer D	336
Decca Pec	4.40
Distillers	2.04
Dunlop	0.66
E Mus Ind	1.52
GEC	3.36
Free St Ged	17.00
GKN	2.69
Glaxo Go	5.41
Gold Fields	1.70

Paris Commodities

(Figures in French francs per metric ton)
November 28, 1978

	High	Low	Close (Bid-Asked)		Ch.
SUGAR					
Mar	927	918	920	930	— 5
May	956	947	950	952	— 5
Jul	N.T.	N.T.	955	970	— 5
Aug	995	995	990	999	— 1
Oct	N.T.	N.T.	1,000	1,020	— 15
Nov	N.T.	N.T.	995	1,010	— 5
Dec	N.T.	N.T.	1,010	1,040	— 10
Mar	N.T.	N.T.	1,025	1,045	— 5
168 lots.					
COCOA					
Dec	1,838	1,830	1,830	1,844	— 5
Mar	1,884	1,847	1,866	1,867	— 11
May	1,895	1,861	1,876	1,880	— 12
Jul	N.T.	N.T.	N.Q.	N.Q.	— 0
Sep	1,890	1,890	1,877	1,885	— 13
Dec	N.T.	N.T.	1,777	1,785	— 9
130 lots					

International Bonds Traded in Europe

Midday Indicated Prices

Selected Over-the-Counter

Closing Prices, November 28, 1978

London Metals Market

(Figures in sterling per metric ton)
(Silver in pence per troy ounce)
November 28, 1978

	Today Bid	Today Asked	Previous Bid	Previous Asked
Copper wire bars:				
Spot	750.00	751.00	758.50	759.50
3 months	770.50	771.00	778.50	779.00
Cathodes: spot	738.00	740.00	746.50	747.50
3 months	758.00	760.00	766.50	767.50
Tin: spot	7,500.00	7,520.00	7,510.00	7,520.00
3 months	7,390.00	7,400.00	7,390.00	7,430.00
Lead. spot	407.00	409.00	413.00	415.00
3 months	390.50	391.00	394.50	395.50
Zinc: spot	349.00	350.00	350.00	351.00
3 months	360.00	360.50	361.00	362.00
Silver spot	306.20	306.50	309.60	308.60
3 months	314.40	314.50	317.70	318.60

London Commodities

(Figures in sterling per metric ton)
November 28, 1978

	High	Low	Close (Bid-Asked)		Previous (Close)	
SUGAR						
Dec	105.50	103.90	103.85	103.95	105.50	105.75
Mar	110.40	108.50	109.00	109.05	119.10	110.15
May	113.50	111.50	112.05	112.20	113.05	113.10
Aug	117.30	115.75	115.85	116.00	116.90	117.00
Oct	120.50	119.00	119.25	119.30	120.05	120.15
Dec	122.75	121.25	121.55	121.90	122.30	122.50
Mar	N.T.	N.T.	125.20	125.85	126.05	126.30
1,841 lots of 50 tons.						
COCOA						
Dec	2,157	2,142	2,145	2,146	2,157	2,163
Mar	2,230	2,185	2,187	2,188	2,213	2,214
May	2,242	2,209	2,210	2,210.5	2,234	2,235
Jul	2,235	2,203	2,206	2,207	2,232	2,232.5
Sep	2,210	2,200	2,180	2,189	2,210	2,211
Dec	2,165	2,127	2,126	2,125	2,158	2,160
Mar	2,140	2,135	2,100	2,130	2,130	2,140
4,553 lots of 10 tons						
COFFEE						
Nov	1,594	1,550	1,590	1,594	1,573	1,579
Jan	1,457	1,438	1,456	1,457	1,454	1,455
Mar	1,303	1,288	1,305	1,307	1,308	1,309
May	1,242	1,225	1,237	1,244	1,237	1,240
Jul	1,200	1,185	1,191	1,196	1,201	1,205
Sep	1,170	1,154	1,165	1,169	1,167	1,170
Nov	1,147	1,115	1,142	1,143	1,144	1,150
2,644 lots of 5 tons.						

Financial Consultants
To Acquisition Oriented Public and Private Companies

DAVIC ASSOCIATES
SUITE 1420
717 FIFTH AVENUE
NEW YORK, NEW YORK 10022
ALBERT M. ZLOTNICK 212 758-8100

TENDER NOTICE

GOVERNMENT OF JAMAICA FOR AND ON BEHALF OF THE ARIGUANABO COMPANY OF JAMAICA LTD.

INVITATION TO TENDER N° A1/78 (LOOMSTATE) FABRIC FOR PROCESSING, DYEING AND FINISHING

1. The Government of Jamaica, acting for and on behalf of the Ariguanabo Company of Jamaica Ltd., hereby invites tenders for the supply of approximately 3.7 million yards of loom-state polyester/cotton (65%/35%) fabric for processing, dyeing and finishing.
The purchase is to be financed by De Nederlandse Investeringsbank voor Ontwikkelingslanden NV, as a part of the Netherlands Government Program of Technical & Financial Assistance to the Government of Jamaica.

2. Copies of the complete Invitation to Tender Document, which contains detailed specifications of the required fabric, may be obtained from

The Managing Director, Ariguanabo Company of Jamaica, Ltd., P.O. Box 9, Spanish Town, Jamaica (Telex n° 2153 ARITEX JA).

3. Tenders will be required to reach the Managing Director of the Ariguanabo Company of Jamaica Ltd. at the above address not later than December 14th, 1978. They will be opened at 2:00 p.m. Eastern Standard Time, on December 15th, 1978, at Ariguanabo's offices. The successful tenderer, if any, will be informed by telecommunication shortly thereafter.

AMEX Closing Prices November 28

12 Month High	Low	Stock Div. In $	Yld.	P/E	Sls. 100s.	High	Low	Close Quot.	Ch'ge Prev Close
		— A—A—A —							
13⅝	9⅜ AAR .28		3.7	7	13	10¼	9⅞	10¼+	⅜
6⅜	4 AAV .32		7.5	5	25	4⅜	4¼	4¼—	⅛
12	6⅜ APS .36		4.5	6	24	8⅛	8	8	
21½	11⅛ ASPRO .72		4.1	7	22	17⅝	17⅛	17⅝+	¼
2⅜	1¼ ATI				3	1½	1⅛	1½	
17⅜	7⅝ AVC .60b		5.6		20	10¾	10¼	10¾+	⅜
34⅝	17 AVX .32		1.4	8	82	24⅜	21⅜	22⅛—	2⅝
7⅜	2⅜ AZL			34	16	4⅛	4	4⅛	
5⅝	3½ AZL pf .48		10.		2	4⅝	4⅝	4⅝	
3	1⅝ AcmePr				12	1⅞	1⅜	1⅞+	½
6	2⅜ Action				13	2⅝	2⅝	2⅝—	⅛
14⅝	5½ ActonCp .24b		2.5	7	12	9⅛	9⅜	9⅝—	¼
15¼	5½ AdamR .12		1.2	8	56	10¼	9½	9⅝+	⅛
24⅞	13¼ AdobeO .20		1.1	17	38	18⅜	17½	17½—	¾
2⅞	1½ AegisCp			5	280	1¾	1⅝	1⅝	
18⅝	9½ AeroFlo .30		2.4	5	4	12⅜	12¼	12¼—	¼
7⅝	1⅝ Aeronca			9	21	4⅝	4½	4⅝—	½
7⅛	5⅜ AffilCap .20e		3.3	7	2	6½	6⅜	6⅜	
23⅜	15⅝ AffilPub .64		3.3	8	6	20	19⅝	19⅝—	⅜
9⅝	6⅝ AfterSix .32		4.5	3	3	7⅛	7⅛	7⅛—	⅛
0	3⅝ AlskAir .20r		4.0	3	44	5½	5	5 —	⅛
4⅝	2⅜ AlbaW .10e		2.9	8	7	3½	3⅜	3½+	⅛
8½	4⅝ Alcolac .35e		6.1	6	4	5¾	5⅝	5¾+	⅛
22	10 AllegCo wi				1	17¾	17¾	17¾—	¼
8½	1¼ AllegA wiO				6	3⅝	3⅝	3⅝	
1½	3-16 AllegA wiN				12	9-16	½	9-16+	¼
47½	24⅛ AllgA pf 3		8.7		1	34½	34½	34½—	¼
8	5¼ AllianT .36e		4.6	18	18	7¾	7⅜	7¾+	¼
8¼	1⅝ AlldArt				231	3⅞	3¾	3⅞+	⅛
9¼	3⅝ Alphain .05e		.8	8	7	6⅝	6⅛	6⅛	
11½	6¼ Altamil .32e		2.9	5	7	10⅞	10⅝	10⅞—	⅛
2	¾ AltecCp			25	14	1	1	1 —	⅛
14⅛	7⅝ AMdBld .40		4.4	12	60	9⅞	9	9 —	¾
24¼	6¾ AMotin .20		1.7	8	24	12	11⅛	11¾—	¼
30½	22⅝ AmPetf 2.20		8.5	10	14	26	25½	26 +	¾
14⅝	7⅝ APrecs .36a		4.5	6	3	0	8	8	
12⅝	5⅝ AScIE .04e		.5		46	8	6⅞	7⅜+	⅜
18¾	13⅜ AmSeat .40		3.0	11	7	13½	13	13½+	⅛
15¼	6 AmTec .50b		4.5	5	21	11⅜	11	11 —	⅜
17¼	6⅛ AngloC .15e		1.3	8	112	12¼	11⅛	11¾—	⅛
13⅜	5⅝ Anken .44		4.9	6	2	9	9	9	
11	4⅝ Anthon .40		5.0	4	3	8	8	8	
17⅛	7⅞ ApIDta .16		1.5	9	18	11	10⅝	10⅞—	⅛
14⅞	4½ ApIoDev			20	62	7⅝	7⅛	7⅛—	⅛
20⅞	13½ AquitCo .39		2.2	9	18	18¼	18⅛	18⅛+	⅛

12 Month High	Low	Stock Div. In $	Yld.	P/E	Sls. 100s.	High	Low	Close Quot.	Ch'ge Prev Close
25½	8⅛ Blount .48		2.5	6	12	19⅝	19¼	19¼—	½
5⅝	3⅜ BodinAp .10i				4	4	3⅞	4 +	½
15	8⅝ BoltBer .20		2.0		15	10⅜	10	10⅛—	¼
20½	14⅞ BowVall .10		.5	31	566	19⅝	18¼	18¼—	⅜
9	2⅝ Bowmar			23	2	4	3⅞	3⅞—	⅛
24	10¼ Bowne .48b		2.8	7	20	17¼	16¾	17 +	¼
13¾	5½ BradfdN .20		2.9	6	38	7¼	6⅞	6⅞—	⅜
5¼	3½ Branch .20		5.9	7	2	3½ d	3⅜	3⅜	
22⅞	5⅝ Braniff wt				14	11⅞	11⅝	11⅞+	¼
16	12¾ Brascan 1a		7.4	3	75	13⅝	17⅛	13½+	½
14⅞	3⅛ BreezeCp			16	11	10⅛	9¾	10⅛	
17¾	10⅝ BristBr .60		4.8	6	3	12½	12½	12½	
6	3⅛ BroDart .20		6.2	6	1	3¼	3¼	3¼—	½
2¾	1⅝ BradySe				9	2¼	2⅛	2⅛—	¼

12 Month High	Low	Stock Div. In $	Yld.	P/E	Sls. 100s.	High	Low	Close Quot.	Ch'ge Prev Close
4	2⅞ WilsnB .30		11.		12	2 d	2¾	2¾—	⅛
16¼	9⅛ Wincoro .40		3.4	15	16	11⅞	11½	11⅞+	⅜
8⅝	6¼ Winkim .40		5.7	6	3	7	7	7	
53⅞	47½ WisP pf4.50		9.4		z10	48⅛	40⅛	48½	
10⅝	3¾ Woodind			65	18	9⅛	9	9⅛+	⅜
9⅛	4⅛ WkWear .36		6.5	5	14	5⅝	5½	5½—	⅛
15⅞	7⅛ Wrathr .05e		.4	33	15	12	11⅞	12	
1 7-16	¾ WrightH				31	1	1	1	
26⅛	13⅝ Wynnin .48		2.4	6	68	20¾	20	20 —	⅛
16	10⅝ WymBn .64		5.0	8	33	12⅞	12¾	12⅞—	¼
		— X—Y—Z —							
17⅛	8⅛ Zimmer .24		2.3	4	25	11½	10⅝	10⅝—	¼

Sales figures are unofficial
d—New yearly low. u—New Yearly high.

Unless otherwise noted, rates of dividends in the foregoing table are annual disbursements based on the last quarterly or semi-annual declaration. Special or extra dividends or payments not designated as regular are identified in the following footnotes.

a—Also extra or extras. b—Annual rate plus stock dividend. c—Liquidating dividend. e—Declared or paid in preceding 12 months. i—Declared or paid after stock dividend or split-up. j—Paid this year, dividend omitted, deferred or no action taken at last dividend meeting. k—Declared or paid this year, an accumulative issue with dividends in arrears. n—New issue. r—Declared or paid in preceding 12 months plus stock dividend. t—Paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date.

x—Ex-dividend or ex-rights. y—Ex-dividend and sales in full. z—Sales in full.

cld—Called. wd—When distributed. wi—When issued. ww—With warrants. xw—Without warrants. xdis—Ex-distribution.

vi—In bankruptcy or receivership or being reorganized under the Bankruptcy Act, or securities assumed by such companies.

Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day.

Where a split or stock dividend amounting to 25 per cent or more has been paid the year's high-low range and dividend are shown for the new stock only.

NEW YORK, Nov. 28 — *Cash prices in primary markets as registered today in New York were:*

Commodity and unit	Tue	Year Ago
FOODS		
Cocoa Accra, lb.	N.A.	N.A.
Coffe 4 Santos, lb	1.46	N.A.
TEXTILES		
Printcloth 64-30 38½, yd	0.44	0.44
METALS		
Steel billets (Pitt.), ton	317.00	259.00
Iron 2 Fdry. Phila., ton	227.36	214.76
Steel scrap No. 1hvy Pitt.	81-82	50-51
Lead spot, lb.	0.38	0.32
Copper elect., lb	69⅝	60⅝
Tin (Straits), lb.	7.1834	6.19158
Zinc, E. St. L. Basis, lb	34½-35	30½
Silver N.Y., oz.	5.990	4.700
Gold N.Y., oz.	196.40	159.20
COMMODITY indices		
Moody's index (base 100 Dec. 31, 1931)		
November 28, 1978	988.50 f	849.70 f

p—Preliminary
f—Final
*—Nominal

NEW YORK FUTURES
November 28, 1978

	Open	High	Low	Close	Chg.
MAINE POTATOES 50,000 lbs.; cents per lb.					
Mar	5.43	5.55	5.36	5.37	—.12
Apr	5.80	5.88	5.78	5.71	—.09
May	6.55	6.78	6.53	6.57	—.02

Est. sales: 4,414; sales Mon. 2,021.

Total open interest Mon. 12,336, off 134 from Fri.

	Open	High	Low	Close	Chg.
COFFEE 'C' 37,500 lbs.; cents per lb.					
Dec	142.75	142.75	140.75	142.05	+0.55
Mar	134.00	136.00	131.40	135.60	+1.38
May	130.00	131.25	128.50	130.78	+0.75
Jul	126.75	128.75	125.75	128.13	+1.45
Sep	125.50	127.50	124.00	126.38	+1.25
Dec	120.00	124.90	124.00	124.90	+3.90

Est. sales: 804; sales Mon. 923.

Total open interest Mon. 5,755, up 122 from Fri.

	Open	High	Low	Close	Chg.
SUGAR NO. 11 112,000 lbs.; cents per lb.					
Mar	8.45	8.50	8.42	8.47	+0.10
May	8.69	8.73	8.65	8.69	+0.08
Jul	8.99	8.99	8.91	8.92	+0.02
Sep	9.21	9.21	9.19	9.16	+0.02
Oct	9.32	9.32	9.27	9.29	+0.04
Mar	9.86	9.86	9.83	9.85	+0.02

Est. sales: 2,175; sales Mon. 5,638.

Total open interest Mon. 30,462, up 284 from Fri.

Market Summary

NYSE Most Actives
November 28, 1978

	Sales	Close	Chg.
Boeing	314,700	64½	—2⅞
Con Frght	269,500	22½	—2
McLeanTr	227,400	12	—1
Sony Corp	218,300	7¾	
Exxon	214,900	50	— ⅛
Polaroid	191,100	48	—2¼
Ramada In	190,700	8⅝	— ⅜
Gen Motors	189,500	55⅜	—1
House Fin	180,200	17¼	— ⅛
Beckman n	176,000	22½	— ⅜
Texaco Inc	169,400	24¼	— ⅜
Occiden Pet	168,400	15⅝	—1
BallyMfg	168,200	39⅞	—2⅝
SearsRoeb	165,100	21⅝	— ¼
CaesarsWld	159,800	23	—2¾

	Today NYSE Close	Prev. Nationw Close
Volume (in millions)	22.74	22.99
Advanced	524	837
Volume Up (in millions)	4.75	10.15
Declined	877	629
Volume Down (in millions)	15.09	6.73
Unchanged	442	415
Total Issues	1,843	1,882
New 1978 highs	10	12
New 1978 lows	33	35

Dow Jones Averages

	Open	High	Low	Close	Chg.
30 Ind	812.72	817.91	802.67	804.14	—9.70
20 Trn	214.21	216.40	210.65	211.87	—3.17
15 Utl	99.73	100.54	99.39	99.90	+0.17
65 Stk	277.01	279.14	273.71	274.66	—2.84

NYSE Index

	High	Low	Close	N.C.
Composite	53.64	53.13	53.13	—0.43
Industrials	58.55	57.92	57.92	—0.55
Transp.	42.77	42.12	42.12	—0.55
Utilities	38.34	38.23	38.23	—0.08
Finance	55.56	55.21	55.21	—0.29

Odd-Lot Trading in N.Y.

	Shares Buy	Sales	*Short
November 27	116,794	245,390	2,243
November 24	84,765	165,338	1,270
November 22	98,730	209,073	1,607
November 21	114,550	228,105	1,336
November 20	131,353	242,795	1,884

*These totals are included in the sales figures.

American Most Actives

	Sales	Close	Ch.
ResrtInIA	140,000	28⅜	—2⅜
Champ Ho	108,700	2	
NartzMl Co	105,600	12⅝	+ ¼
Amdahl	68,400	46⅝	—3⅝
Instrum Sys	62,000	1⅛	— ⅛
Syntex Corp	58,600	33½	— ⅞
BowValley	56,600	18¼	— ⅜
LoewsTh wt	54,300	13⅜	— ¼
HouOilM	46,800	16⅛	— ⅜
GIBas Pet	40,900	5⅝	

	Today AMEX Close	Prev. Nationw Close
Volume (in millions)	2.78	2.64
Advanced	244	308
Volume Up (in millions)	0.60	0.89
Declined	372	265
Volume Down (in millions)	1.60	1.13
Unchanged	233	243
Total Issues	849	816
New 1978 highs	4	6
New 1978 lows	10	10

American Stock Index:

High	Low	Close	Chg.
148.94	147.36	147.44	—1.48

U.S. Commodity Prices

	Open	High	Low	Close	Chg.
COCOA 30,000 lbs.; cents per lb.					
Dec	187.00	187.40	180.05	180.25	—7.15
Mar	187.30	189.25	183.25	183.25	—5.05
May	186.75	188.70	182.70	182.70	—5.00
Jul	185.25	187.25	181.25	181.25	—5.55
Sep	182.00	183.00	177.00	177.20	—6.75
Dec	177.95	179.50	173.50	173.50	—4.95

Est. sales: 1,126; sales Mon. 696.

Total open interest Mon. 7,617, up 124 from Fri.

	Open	High	Low	Close	Chg.
ORANGE JUICE 15,000 lbs.; cents per lb.					
Jan	115.90	116.40	115.20	115.25	—0.45
Mar	117.30	117.50	116.45	116.50	—0.50
May	117.90	118.18	117.35	117.20	—0.20
Jul	119.20	119.20	118.30	118.30	—0.15
Sep	120.00	120.00	118.90	119.00	—0.40
Nov	113.00	113.00	113.00	113.00	
Jan	108.00	108.20	107.75	107.75	+0.30
Mar	106.50	107.75	106.50	107.75	

Est. sales: 400; sales Mon. 414.

Total open interest Mon. 9,292, off 583 from Fri.

	Open	High	Low	Close	Chg.
COTTON, No. 2 50,000 lbs.; cents per lb.					
Dec	67.75	68.00	67.50	67.57	—0.52
Mar	71.85	71.92	71.40	71.52	—0.61
May	73.60	73.70	73.21	73.35	—0.50
Jul	74.01	74.25	73.80	73.80	—0.45
Oct	67.50	67.90	67.35	67.45	—0.05
Dec	66.12	66.25	66.00	66.18	+0.09

Est. sales: 5,050; sales Mon. 5,049.

Total open interest Mon. 34,942, up 276 from Fri.

	Open	High	Low	Close	Chg.
COPPER 25,000 lbs.; cents per lb.					
Dec	65.55	65.55	64.95	65.05	—0.55
Jan	66.15	66.15	65.85	65.80	—0.60
Mar	67.90	67.90	67.25	67.35	—0.60
May	69.00	69.85	68.50	68.60	—0.60
Jul	70.15	70.20	69.75	69.80	—0.60
Sep	71.15	71.30	71.00	70.90	—0.60
Dec	72.56	72.55	72.10	72.20	—0.55
Mar	73.85	73.85	73.85	73.40	—0.55
May	74.40	74.65	74.40	74.20	—0.55
Jul	75.50	75.50	75.50	75.00	—0.55
Sep	76.30	76.30	76.00	75.80	—0.60

Est. sales: 14,000; sales Mon. 6,874.

Total open interest Mon. 60,072, off 836 from Fri.

	Open	High	Low	Close	Chg.
N.Y. SILVER 5,000 troy oz; cents per oz					
Dec	604.00	604.00	588.00	589.60	—14.70
Jan	607.00	607.00	594.50	594.30	—13.70
Mar	613.00	614.00	600.00	600.50	—13.00
May	620.00	620.60	607.50	608.20	—12.40
Jul	628.00	628.30	618.00	616.70	—11.40
Sep	636.50	636.50	627.00	625.20	—10.60
Dec	648.00	648.00	638.50	638.80	—10.00
Jan	651.50	651.50	648.00	642.80	—9.80
Mar	661.50	662.00	657.00	653.30	—9.20
May	666.20	671.00	666.20	662.90	—8.80
Jul	679.50	679.50	678.20	672.60	—8.30

Est. sales: 35,000; sales Mon. 16,716.

	Open	High	Low	Close	Chg.
PLATINUM 50 troy oz.; dollars per troy oz.					
Jan	327.00	328.50	320.50	321.70	—7.90
Apr	329.50	330.20	323.00	323.50	—8.18
Jul	331.50	331.50	325.50	325.90	—7.90
Oct	334.00	332.50	328.00	328.30	—8.00
Jan	334.00	334.50	334.50	330.70	—8.30
Apr	337.00	334.50	334.50	333.10	—8.40
Jul	338.50	340.50	340.50	335.50	—8.50

Est. sales: 1,575; sales Mon. 1,421.

Total open interest Mon. 8,857, up 93 from Fri.

	Open	High	Low	Close	Chg.
GOLD 100 troy ounce contracts					
Dec	196.20	196.80	192.00	192.60	—4.00
Jan	196.80	197.70	194.00	194.40	—4.18
Feb	200.00	200.60	195.60	196.20	—4.20
Apr	204.20	204.20	199.00	199.90	—4.30
Jun	206.50	208.20	203.50	203.60	—4.40
Aug	211.40	211.50	207.00	207.30	—4.50

	Open	High	Low	Close	Chg.
Oct	215.50	215.50	210.00	211.00	—4.70
Dec	219.80	220.00	214.00	214.80	—4.90
Feb	223.70	223.70	219.00	218.60	—5.00
Apr	225.00	225.70	221.50	222.40	—5.00
Jun	230.00	231.00	228.00	226.20	—5.00
Aug	234.00	234.00	231.50	230.20	—5.00

Est. sales: 25,000; sales Mon. 22,308.

Total open interest Mon. 129,664, up 2,054 from Fri.

CHICAGO FUTURES
November 28, 1978

	Open	High	Low	Close	Chg.
WHEAT 5,000 bu.; dollars per bu.					
Dec	3.68½	3.71⅛	3.64½	3.66¾	—.03¾
Mar	3.61⅛	3.64	3.57½	3.58½	—.02½
May	3.48	3.50½	3.46¼	3.44¾	—.03½
Jul	3.28	3.31¼	3.27½	3.27½	—.02
Sep	3.30	3.33	3.29½	3.29½	—.02
Dec	3.39½	3.41	3.38	3.38¼	—.01

Sales Mon. 12,181.

Total open interest Mon. 48,709, up 111 from Fri.

	Open	High	Low	Close	Chg.
CORN 5,000 bu.; dollars per bu.					
Dec	2.26¾	2.27¼	2.24¼	2.24¾	—.02½
Mar	2.38¾	2.38¾	2.36	2.36¼	—.02
May	2.46¼	2.46¾	2.44	2.44	—.02
Jul	2.50	2.50½	2.48¼	2.48½	—.02
Sep	2.50½	2.51¾	2.49¼	2.49¼	—.01⅛
Dec	2.53	2.54	2.51⅛	2.52¼	—.01

Sales Mon: 28,294.

Total open interest Mon. 143,805, off 1,262 from Fri.

	Open	High	Low	Close	Chg.
SOYBEANS 5,000 bu.; dollars per bu.					
Jan	6.74	6.77½	6.63	6.64	—.09¼
Mar	6.87	6.89½	6.75½	6.75⅛	—.09
May	6.93	6.96½	6.83	6.84¼	—.08
Jul	6.94	7.00	6.86	6.87¼	—.08
Aug	6.90	6.93	6.83	6.82¾	—.08¾
Sep	6.68	6.67½	6.59½	6.57½	—.06⅛
Nov	6.52⅛	6.56⅛	6.47½	6.47½	—.07
Jan	6.62	6.62	6.55	6.55	—.08

Sales Mon.: 32,416.

Total open interest Mon. 140,947, up 1,432 from Fri.

	Open	High	Low	Close	Chg.
SOYBEAN MEAL 100 tons; dollars per ton					
Mar	184.50	184.50	181.00	181.50	—2.60
Jan	186.50	186.80	183.60	184.30	—2.30
Mar	188.00	188.50	184.60	185.10	—2.70
May	185.50	186.50	183.60	184.20	—1.40
Jul	186.00	186.70	184.00	184.40	—2.00
Aug	185.80	186.50	184.00	184.30	—1.70
Sep	184.18	184.20	183.50	183.30	—1.00
Oct	180.00	180.00	178.50	179.50	— .50
Dec	180.00	180.00	178.50	178.70	—1.18

Sales Mon. 9,555.

Total open interest Mon. 64,888, up 436 from Fri.

	Open	High	Low	Close	Chg.
SOYBEAN OIL 60,000 lbs.; dollars per 100 lbs					
Dec	24.15	24.35	24.00	24.07	— .18
Jan	24.40	24.50	24.21	24.27	— .11
Mar	24.55	24.70	24.30	24.32	— .18
May	24.45	34.55	24.20	24.27	— .16
Jul	24.40	24.45	24.18	24.18	— .22
Aug	24.30	24.30	24.00	24.18	— .15
Sep	24.00	24.00	23.75	23.75	— .20
Oct	23.70	23.75	23.50	23.50	— .25
Dec	23.45	23.45	23.25	22.25	— .25

Sales Mon. 11,456.

Total open interest Mon. 55,570, off 1,675 from Fri.

	Open	High	Low	Close	Chg.
OATS 5,000 bu; dollars per bu.					
Dec	1.29	1.30¾	1.25	1.25¼	—.05¼
Mar	1.42	1.43½	1.38¼	1.38½	—.04¾
May	1.50	1.51¼	1.48⅛	1.46½	—.04
Jul	1.52½	1.54	1.50½	1.50½	—.03
Sep	1.55½	1.56	1.54¼	1.54¼	—.01¾

Sales Mon. 12,181.

Total open interest Mon. 48,709, up 111 from Fri.

	Open	High	Low	Close	Chg.
LIVE BEEF CATTLE 40,000 lbs.; cents per lb.					
Dec	57.70	58.20	56.65	57.07	— .78
Jan	57.80	58.32	56.70	57.40	— .77
Feb	59.25	59.70	57.85	58.05	—1.20
Apr	60.25	60.90	59.00	59.48	— .95
Jun	61.80	62.25	60.55	61.12	— .80
Aug	61.37	61.80	60.15	60.70	— .67
Oct	61.37	51.42	60.15	60.60	— .77
Dec	62.35	62.47	61.50	61.52	— .83
Jan	62.85	63.40	62.85	63.40	+ .80
Feb	62.80	63.10	62.35	62.90	+ .10

Est. sales: 21,050; sales Mon. 23,133.

Total open interest Mon. 91,361, off 537 from Wed.

	Open	High	Low	Close	Chg.
FEEDER CATTLE 42,000 lbs.; cents per lb.					
Jan	74.92	75.70	74.92	74.95	— .15
Mar	75.15	75.50	73.72	74.70	— .52
Apr	74.60	75.00	73.80	74.20	— .65
May	74.45	74.65	73.20	73.82	— .45
Aug	74.50	74.90	73.20	73.35	— .55
Sep	74.35	74.55	73.40	73.90	— .45
Oct	74.30	74.40	73.50	74.00	— .40
Nov	74.75	75.10	73.90	74.00	+ .30

Est. sales: 3,013; sales Mon. 2,216.

Total open interest Mon. 20,246, up 219 from Wed.

	Open	High	Low	Close	Chg.
LIVE HOGS 30,000 lbs.; cents per lb.					
Dec	53.00	53.82	52.50	52.72	— .60
Feb	53.75	54.30	52.35	52.82	—1.00
Apr	49.55	50.30	48.45	48.80	— .95
Jun	51.25	51.92	50.50	50.70	— .70
Jul	51.80	52.30	51.00	51.12	— .78
Aug	48.55	49.60	48.42	48.42	— .28
Oct	46.45	47.40	46.42	46.70	
Dec	46.45	47.50	46.32	46.32	— .28
Feb	47.25	47.25	46.75	47.02	— .03

Est. sales: 8,948; sales Mon. 6,391.

Total open interest Mon. 20,891, off 641 from Wed.

	Open	High	Low	Close	Chg.
PORK BELLIES 36,000 lbs.; cents per lb.					
Feb	68.00	69.20	66.85	67.02	—1.70
Mar	67.25	68.20	66.00	66.22	—1.70
May	67.50	68.40	66.30	66.35	—1.95
Jul	67.40	68.45	66.02	66.45	—1.52
Aug	66.00	66.18	63.80	64.40	—1.75

Est. sales: 7,251; sales Mon. 6,706.

Total open interest Mon. 11,830, up 619 from Wed.

International Stock Indexes

	Yest	Prev	1978 High	1978 Low
Amsterdam	90.00	90.80	100.80	85.40
Brussels	109.50	109.10	119.79	94.84
Frankfurt	155.93	156.11	164.46	141.16
London 30	489.90	484.90	535.50	433.40
London 500	246.23	243.01	265.03	205.42
Milan	70.00	69.34	82.52	55.45
Paris	118.71	118.67	127.35	78.10
Sydney	521.09	519.95	566.79	441.19
Tokyo (n)	440.71	442.00	442.00	364.04
Tokyo (o)	5,945.28	5,979.44	5,985.44	3,867.91
Zurich	299.50	301.00	342.00	289.50

(n) new (o) old

Eurocurrency Interest Rates

	Dollar	D-Mark
1 M.	11 15/16—12 1/16	2⅞—3¼
2 M.	11 7/16—11 9/16	3⅛—3⅜
3 M.	11 13/16—11 15/16	3 11/16—2 13/16
6 M.	12 1/16—12 3/16	3⅞—4
1 Y.	11⅞—12	4 1/16—4 3/16

	Swiss Franc	Sterling
1 M.	Par—⅛	13—12¼
2 M.	⅛—¼	13⅛—13⅜
3 M.	5/16—7/16	14—14¼
6 M.	9/16—11/16	14¼—14⅛
1 Y.	1⅜—1½	14¼—14½

Tokyo Exchange
November 28, 1978

	Price Yen		Price Yen
Asahi Glass	369	Matsu E. Wks	531
Canon	447	Mitsubi Hvy Ind.	123
Dai Nip. Print	585	Mitsubi Corp.	422
Fuji Bank	280	Mitsui Co.	298
Fuji Photo	553	Mitsukoshi	404
Hitachi	243	Nippon Elec.	272
Honda Motor	480	Sharp	441
C. Itoh	239	Sony Corp	1,560
Japan Air L.	2,820	Sumitomo Bank	280
Kansai El. Pwr.	1,160	Taisho Marine	248
Kao Soap	650	Takeda	455
Kirin Brewery	463	Teijin	131
Komatsu	382	Tokyo Marine	511
Kubota	287	Toray	174
Matsu El. Ind.	677	Toyota	879

November 28, 1978

	Open	High	Low	Close	Chg
SWISS FRANC					
Dec	0.5775	0.5820 a	0.5775	0.5785	—0.0035
Mar	0.5945	0.5985	0.5938	0.5953	—0.0032
June	0.6105	0.6125 a	0.6105	0.6116	—0.0026
Sept	0.6260	0.6296 b	0.6258	0.6270 b	—0.0025
Dec	0.6403	0.6433	0.6403	0.6420 a	—0.0017
GUILDER					
Dec	N.T.	N.T.	N.T.	0.4775	Unch.
Mar	N.T.	N.T.	N.T.	0.4850	Unch.
FRENCH FRANC					
Dec	0.2266	0.2266	0.2266	0.2266	—0.0012
Mar	0.22725	0.2277	0.22725	0.2277	—0.0016
June	0.2240	0.2290	0.2290	0.2290	+0.0010
YEN					
Dec	5105	5133	5105	5112	—0012
Mar	5247	5256	5231	5236	—0001
June	5350	5360	5340	5350	+0005
Sept	5435	5435	5435	5435	—0040
Dec	N.T.	N.T.	N.T.	5815	Unch.
Initial 0.00 omitted					
STERLING					
Dec	1.9410	1.9495	1.9410	1.9440 a	+0.0045
Mar	1.9315	1.9380 a	1.9305	1.9320	+0.0045
June	1.9180	1.9268	1.9180	1.9250	+0.0075
Sept	1.9070	1.9125	1.9070	1.9125	+0.0010
CANADIAN DOLLAR					
Dec	0.8512	0.8528	0.8506	0.8515	+0.0012
Mar	0.8535	0.8552	0.8535	0.8537	+0.0072
June	0.8575	0.8585	0.8569 a	0.8585	+0.0035
Sept	N.T.	N.T.	N.T.	0.8625 b	+0.0015
DEUTSCHE MARK					
Dec	0.5195	0.5219	0.5195	0.5215 a	—0.0008
Mar	0.5307	0.5330	0.5307	0.5321	—0.0010
June	0.5390	0.5430 b	0.5390	0.5400 a	—0.0015
Sept	0.5502	0.5502	0.5480	0.5500 a	—0.0035
Dec	0.5530	0.5570 b	0.5530	0.5530	—0.0025

Tuesday's New Highs and Lows

NEW HIGHS—10

Beckman n	Mallory	Standex n
BellCnda	OakInd wi	Sterndent
Bril Pul	RevMet pfA	TexasInd wi
Humana		

NEW LOWS—33

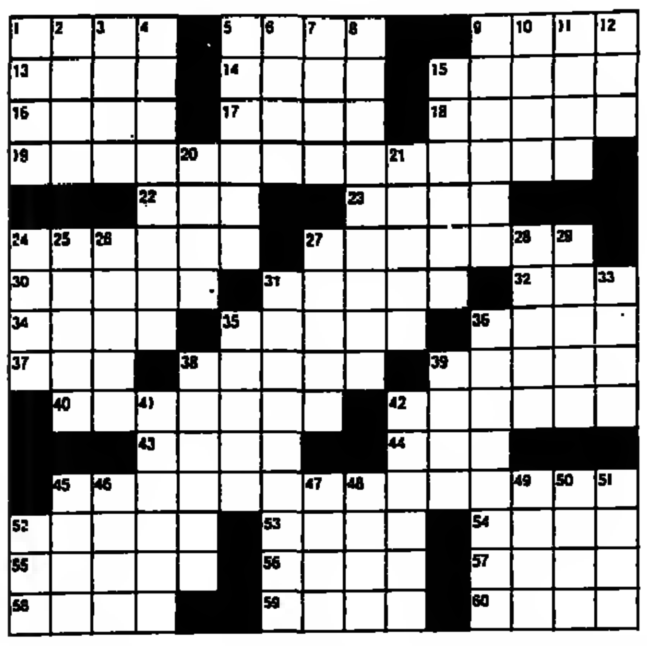
Bord CR	HonJim Sec	PSEG 4.18pf
Beckman n	IndM 7.08pf	RityRef Tr
CamaRd Lk	Intrlake Inc	SingerCo pf
Chem NY	Koehrg pfH	Sou Pac
CinG 9.30pf	McLeanTr	Square D
ClevCliff	NorNat Gas	StdBrand pf
Conti Group	OhEd 8.20pf	StOOh pfA
CrockNl 3pf	OhPw 8.04pf	UMET Tr
Duq 2.31pr	OhPow 14pf	UVIn 1.26pf
Equifax Inc	PacA IncSh	UnEl 3.50pf
Goodrich	PSEG 1.40pf	VaEP 8.84pf

DM Net Reserves Off

FRANKFURT, Nov. 28 (AP-DJ) — Net central currency reserves of the Deutsche Bundesbank declined 1.5 billion DM in the third week of November to 101.8 billion DM, the Bundesbank said in its weekly statement today.

CROSSWORD

By Eugene T. Maleska



ACROSS

1 Cummerbund
5 Phrenolngy term
9 Student flier's goal
13 Comedian Johnson
14 Rapier's cousin
15 Jeb Stuart's weapon
16 Dyer's device
17 Laugh witb gusto
18 tn accord
19 Man's slipper and woman's slipper
22 In shape
23 Amer. backup troops
24 Sullen and gloomy
27 Canadian statesman
30 Hnld dear
31 Breakwaters
32 Relative nf cie. and inc.
34 Full cargn
35 Evasive reply
36 Silk, in Paris
37 Libber's no-no title
38 Preserves
39 First Pulitzer Prize novelist: 1918
40 Promenades
42 Portable room
43 Pulitzer Prize novelist: 1958
44 "Some —— born great . . ."
45 Typical game of the early Mets
52 Inert gaseous element
53 Rainbow flower
54 Elevainr button
55 Word with ocher or umber
56 Leningrad's river
57 "——, Brutel"
58 ". . . take arms against —— of troubles"
59 One checking out
60 Word with pigeon or parrot

DOWN

1 Moselte feeder
2 Jason's craft
3 Watch part
4 Breed nf hardy cattle
5 Scnld
6 Between once and a time
7 Wnrld's largest artificial lake
8 Liars on the stand
9 Forte of Baker and Buchwald
10 English horn's close relative
11 Spring period
12 Metallic rock
15 Dinner cnurses
20 Where Beauvais is
21 Shylock's exorbitant rate
24 Light, clayey soil
25 Essences
26 A pièce de résistance
27 Five come with a new car
28 Knocked for ——
29 Practical
31 In conference
33 Felix Salten character
35 Whined
36 Author W. —— Maugham
38 Convincing
39 Catherine ——, Henry VIII's last wife
41 Best seller in 1885
42 Autocrat
45 Shank
46 Fearsome one
47 Mountain: Comb. form
48 Court team
49 Bismarck
50 Mechanical repetitinn
51 Digging tool
52 Arab robe

WEATHER

	C	F			C	F	
ALGARVE	17	63	Cloudy	MAORIO	10	50	Fair
AMSTEROAM	4	39	Rain	MIAMI	25	77	Cloudy
ANKARA	8	46	Rain	MILAN	5	41	Overcast
ATHENS	17	63	Cloudy	MONTREAL	−12	10	Snow
BEIRUT	20	68	Fog	MOSCOW	−20	−4	Fog
BELGRADE	0	32	Snow	MUNICH	3	37	Rain
BERLIN	1	34	Fog	NEW YORK	0	32	Cloudy
BRUSSELS	2	36	Fog	NICE	8	46	Cloudy
BUCHAREST	12	53	Rain	OSLO	−2	28	Fair
BUDAPEST	2	36	Fog	PARIS	3	37	Cloudy
CASABLANCA	16	61	Overcast	PRAGUE	0	32	Fog
COPENHAGEN	3	37	Fair	ROME	9	48	Rain
COSTA DEL SOL	17	63	Cloudy	SOFIA	8	46	Rain
DUBLIN	2	34	Fair	STOCKHOLM	−20	−4	Snow
EDINBURGH	2	36	Cloudy	TEHRAN	-	-	N.A.
FLORENCE	8	46	Rain	TEL AVIV	24	75	Cloudy
FRANKFURT	0	32	Snow	TOKYO	10	50	Fair
OENEVA	0	32	Snow	TUNIS	7	45	Showers
HELSINKI	−2	28	Snow	VIENNA	1	34	Cloudy
ISTANBUL	15	59	Rain	WARSAW	1	34	Fog
LAS PALMAS	14	57	Cloudy	WASHINGTON	-	-	N.A.
LISBON	17	63	Cloudy	ZURICH	−2	28	Cloudy
LONDON	2	36	Fair				
LOS ANGELES	15	59	Clear				

[Yesterday's readings U.S. and Canada at 1700 GMT; Los Angeles at 2000 GMT; all others at 1200 GMT.]

INTERNATIONAL FUNDS
ADVERTISEMENT

November 28, 1978

The net asset value quotations shown below are supplied by the Funds listed with the exception of some Swiss funds whose quotes are based on issue prices. The following marginal symbols indicate frequency of quotations supplied for the IHT: (d)—daily; (w)—weekly; (m)—monthly; (r)—regularly; (I)—irregularly.

BANK JULIUS BAER & Co Ltd:	
—(d) Baerbond	SF 741.85
—(d) Conbar	SF 680.00
—(d) Grobar	SF 566.00
—(d) Stockbar	SF 725.00
BANQUE VON ERNST & CIE.:	
—(d) CSF Fund	SF 16.11
—(d) Crossbow Fund	SF 3.84
—(d) ITF Fund N.V.	$ 8.11
BRITANNIA TRUST MNGT.(CI) Ltd.:	
—(w) Universal Dollar Trust	$ 5.04
—(w) Int'l High Interest Trust	$ 0.96
—(w) High Interest Sterling	£0.96
CAPITAL INTERNATIONAL:	
—(w) Capital Int'l Fund	$ 17.45
—(w) Capital Italia S.A.	$ 10.29
—(w) Convertible Capital S.A.	$ 26.64
CREDIT SUISSE:	
—(d) Actions Suisses	$ 280.50
—(d) Canasec	SF 381.00
—(d) C.S. Fonds-Bonds	SF 65.25
—(d) C.S. Fonds-Int'l	SF 57.75
—(d) Energie-Valor	SF 68.00
—(d) Ussec	SF 387.00
—(d) Europa-Valor	SF 110.00
DIT INVESTMENT FRANKFURT:	
—(d) Concentra	DM 21.70
—(d) Int'l Rentenfond	DM 70.80
FIDELITY PO Box 670, Hamilton, Bermuda:	
—(w) Fidelity Amer. Assets	$ 22.86
—(d) Fidelity Dir. Svgs. Tr.	$40.55
—(w) Fidelity Int'l Fund	$ 21.13
—(w) Fidelity Pacific Fund	$ 54.83
—(w) Fidelity World Fd.	$ 13.97
FIDELITY POB 195, St Helier, Jersey C.I.:	
—(w) Fidelity Sterling A	£3.56
—(w) Fidelity Sterling B	£9.25
—(w) Fidelity Sterling D	£14.58
G.T. MANAGEMENT LTD:	
—(w) Berry Pac. Fd. Ltd.	$ 54.60
—(w) G.T. Asia Fund	HK$ 10.10
—(d) G.T. Bond Fund	$ 13.43
—(w) G.T. Dollar Fund	$ 6.75
JARDINE FLEMING:	
—(r) Jardine Japan Fund	$85.55
—(r) Jardine S.East Asia	$ 17.37
LLOYDS BANK INT., POB 438 GENEVA 11	
—+(w) Lloyds Int'l Growth	SF320.00
—+(w) Lloyds Int'l Income	SF 299.00*
—(w) Sepra (N.A.V.)	$ 14.78
ROTSCHILD ASSET MGMT (Bermuda):	
—(w) Reserve Assets Fd Ltd	$9.77
SOFIOGROUPE GENEVA	
—(r) Parfon Sw R Est	SF 1,369.50
—(r) Securswiss	SF 949.00
SWISS BANK CORP.	
—(d) America-Valor	SF 320.00
—(d) Intervalor	SF 47.75
—(d) Japan Portfolio	SF 423.75
—(d) Swissvalor New Ser	SF 223.50
—(d) Univ. Bond Select	SF 72.00
—(d) Universal Fund	SF 71.54
UNION BANK OF SWITZERLAND:	
—(d) Amca U.S. Sh.	SF 28.75
—(d) Bond Invest.	SF 62.00
—(d) Convert-Invest.	SF 68.00
—(d) Eurit Europe Sh	SF 128.50
—(d) Fonsa Swiss Sh	SF 94.00
—(d) Globinvest	SF 53.75
—(d) Pacific Invest	SF 77.00
—(d) Romefac-Invest	SF 239.00
—(d) Safit South Afr Sh	SF 114.50
—(d) Sima Swiss R Est	SF 194.00
UNION INVESTMENT Frankfurt	
—(d) Atlanticfonds	DM 11.35
—(d) Europafonds	DM 25.40
—(d) Unifonds	DM 17.70
—(d) Unirenta	DM 30.40
—(d) Unispecial I	DM 60.50

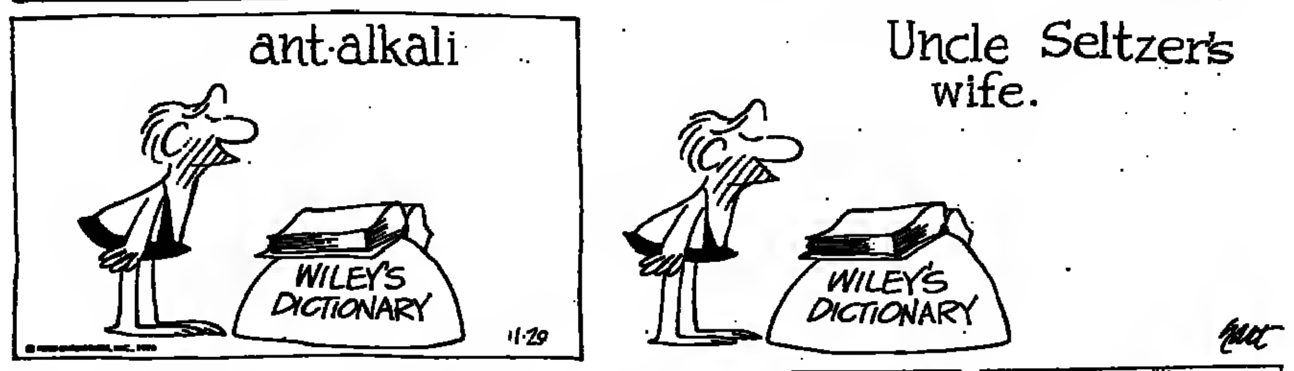
Other Funds

(w) Alexander Fund	$6.72
(w) Trustcor Int. Fd (AEIF)	$ 7.14
(w) Austral. Select Fd.	$ 1.48
(w) Bondselex - Issue Pr.	SF 125.25
(w) CAMIT	$ 9.62
(w) Capital Gains Inv.	$ 10.37
(d) Capital Rentinvest	LF 1,379.00
(d) Caribico Open-End Fund	$ 160.60
(w) Citadel Fund	$ 2.98
(w) Cleveland Offshore Fd.	$ 866.84
(w) Convert. Fd Int. A Certs	$ 8.16
(w) Convert Fd Int. B Certs	$15.42
(d) Convert. Bond Fd. N.V.	$ 9.58
(w) D.G.C.	$ 46.17
(d) Dollar Fund (ex-Divid.)	$ 0.28
(d) Dreyfus Fund Int'l	$ 15.59
(w) Dreyfus Intercontinent	$15.54
(d) Europe Obligations	LF 1,133.00
(w) First Eagle Fund	$ 3,848.65
(w) First Intern'l Fund	$ 193.63
(w) Fonselex Issue Pr	SF 1,573.00
(w) Formula Selection Fd	SF 56.26
(d) Fonditalia	$ 11.45
(d) Frankl.-Trust Interzins	DM 40.79
(d) Fund of N.V. (ex-divid.)	$ 0.33
(w) Future Australia Fd	Aus.$ 9.05
(d) Global Int'l Fund	DM 7.01
(w) Haussmann Hldgs. NV	$ 241.54
(I) H.O.L.T. Hobet	$ 30.80
(d) Icofund	$ 10.40
(d) Indosuez Multibonds	$ 105.68
(d) Interfund S.A.	$ 9.86
(w) Intermarket Fund	$ 144.82
(w) Interselex Pac. Fund	F27,315.00
(w) Int'l Inc Fund (Jersey)	$ 24.39
(r) Int'l Securities Fund	$ 6.38
(r) Invest Atlantiques	$ 55.99
(d) Italamerica S.A. Fund	$ 9.03
(r) Italfortune Int'l Fd S.A.	$8.05
(w) Japan Selection Fund	$ 63.45
(w) Japan Pacific Fund	$ 45.68
(d) KB Income Fund	LF 1,522.00
(d) Kleinwort Benson Int. F	$ 11.45
(w) Kleinwort Bens. Jap. F	$ 39.10
(I) Leverage Cap. Hold	$ 42.65
(w) Luxfund	$ 25.14
(d) Mediolanum Sel. Fund	$10.47
(d) Neuwirth Int'l Fund	$ 0.67
(d) Neuwirth Inv. Fund	$ 1.85
(w) Nippon Fund	$ 20.87
(w) Nor. Amer. Inv. Fund	$ 5.14
(w) Nor. Amer. Bank Fd	$ 5.33
(w) N.A.M.F.	$ 61.03
(d) Putnam Intern'l Fund	$ 28.59
(d) Renta Fund	LF 1,908.00
(d) Rentinvest	LF 825.00
(d) Safe Fund	$ 4.78
(d) Safe Trust Fund	$ 9.54
(w) Samurai Portfolio	SF 77.10
( ) Share Realty N.V.	$ 15.51
( ) Share International N.V.	$ 4.68
(w) SMH Special Fund	DM 99.60
(w) Soros Fund	$ 533.06
(w) Talent Global Fund	$ 11.30
(w) Tokyo Pac. Hold (Sea)	$ 45.83
(w) Tokyo Pac. Hold N.V.	$ 62.90
(w) Transpacific Fund	$ 37.20
(r) Unilife Assurance O'seas	$ 1.00
(w) United Cap Inv. Fund	$ 2.54
(m) Utd Int'l Bond Fd.	$ 105.53
(d) U.S. Trust Invest Fd.	$ 10.54
(w) Western Growth Fund	$ 7.20
(d) World Equity Grth. Fd	$ 418.93
(m) Worldwide Fund Ltd	$ 12.46
(w) Worldwide Securites	$ 62.48
(w) Worldwide Special	$ 4,998.95

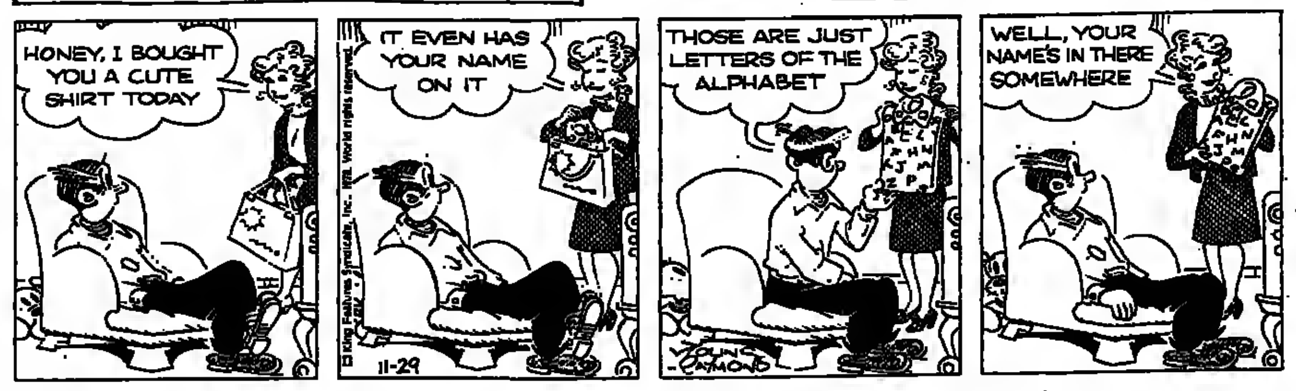
DM — Deutsche Mark; * — Ex-Dividend; ° — New; N.A. — Not Available; BF — Belgium Francs; LF — Luxembourg Francs; SF - Swiss Francs; + — Offer prices; a — Asked; b — Bid Change P/V $10 to $1 per unit. S/S — Stock Split; ** — Ex RTS; "S" — Suspended; N.C. - Not communicated; • — • - Redempt price - Ex-Coupon.

PEANUTS

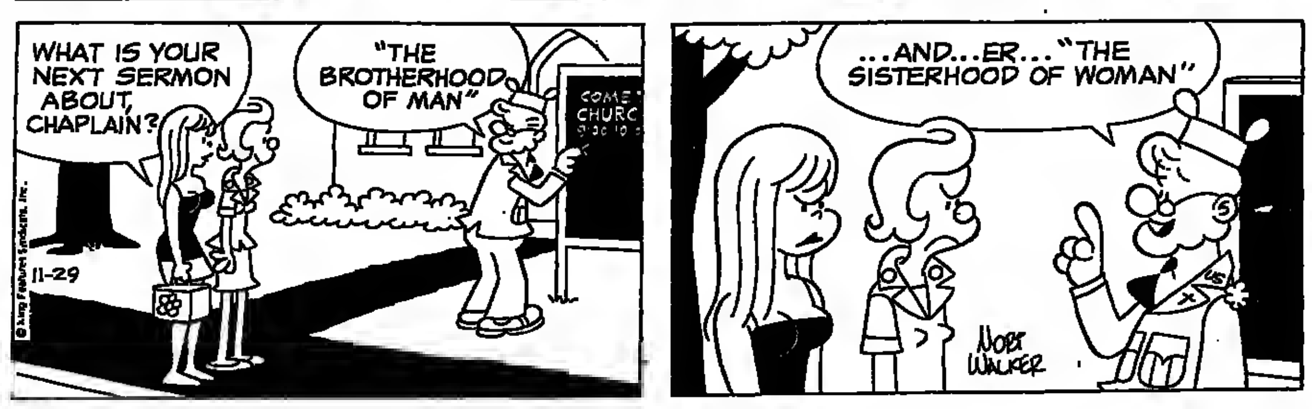
B.C.



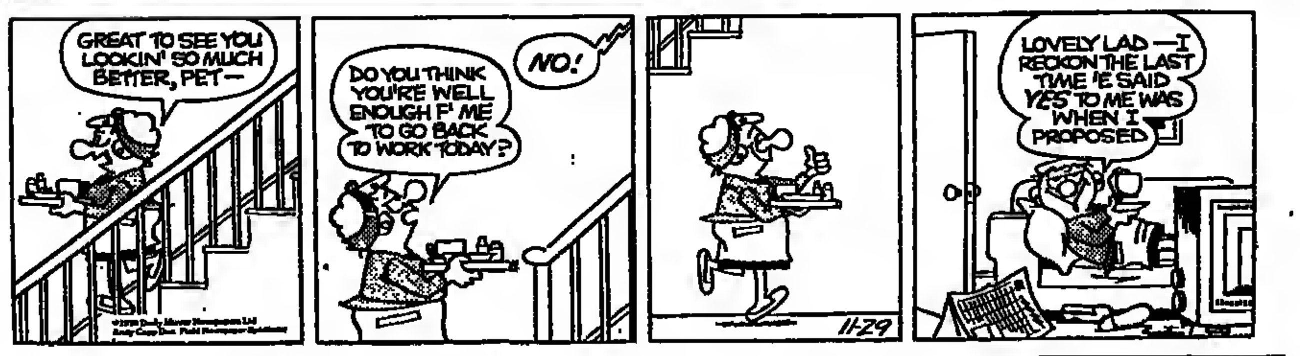
BLONDIE



BEETLE BAILEY



ANDY CAPP



WIZARD of ID

REX MORGAN

RIP KIRBY

JUMBLE THAT SCRAMBLED WORD GAME by Henri Arnold and Bob Lea

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

TAGUM

SWEHL

DEPHUL

SLAQUL

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Print answer here:

(Answers tomorrow)

Yesterday's Jumbles: KHAKI DUMPY UNSEAT ENTITY
Answer: What the captain of the ark said he had no shortage of—"MATES"

Imprimé par P.I.O. - 1, Bd. Ney Paris 75018

DENNIS THE MENACE

"WHERE WOULD WE PUT IT? IT'S TOO BIG TO GO IN THE GARAGE."

BOOKS

PSYCHOANALYTIC POLITICS
Freud's French Revolution
By Sherry Turkle. Basic. 278 pp. $12.50.

Reviewed by Anatole Broyard

PSYCHOANALYSIS appeared in France at about the same time that the tango did. Both were rejected as morally shocking and foreign to the French character. How could anyone teach a Frenchman *savoir vivre*? Bourgeois life was as much a moouineot as Chartres Cathedral.

After the revolt of the students and the working class in May 1968, the French began to suspect that the typical bourgeois life bore an uncomfortable resemblance to a neurotic defense mechanism. Like Americans after the Vietnam War, Frencbmen underweot a "deconversion." They fell out of their faith in *savoir vivre* and took up the psychoanalytic tango.

In "Psychoanalytic Politics," Sherry Turkle traces this evolution with wit and determination. She begins by pointing out that although Americans watered down Freudian doctrine, the French added their own peculiar fizz to turn it into champagne.

It was not, Miss Turkle says, until the French discovered "an indigenous heretic" in the person of Jacques Lacan that they fully accepted psychoanalysis. And defined by Lacan, analysis is oot a therapeutic, but an interpretive discipline. Aod it has more than a bit of Surrealism, for Lacan was once a member of this group and seems to have retained some of their taste for theatricality and mystificatioo.

Militantly Antibiological

Miss Turkle describes Lacan as militantly antibiological, translating Freud's anatomical references into symbolic ooes. Fathers are the custodians of symbolism, intruding the language of geoder and of society into the cozy mother-child duality. When the child accepts the father's name, or *nom*, and his "oo," or oon, he is socialized.

It is one of Lacan's dicta that "the unconscious is structured as a language." The system of significations implicit io language constitutes a journey that "decenters" the ego. Because language "talks to itself," Lacan advises young psychoanalysts to do crossword puzzles.

In researching "Psychoanalytic Politics," Miss Turkle talked at length with Lacan, who dominates the French scene even more than Freud did Vienna, and with 150 other French psychoanalysts. She shows tact in keeping a straight face while discussing some of the more obscure aspects of the French infatuation with Freud — or with their Freud, as Lacan is sometimes koown.

For the French Freud, the demand of the analyst is a "pure desire," an "intransitive" yearning for clarification, not cure. The decision to become a psychoanalyst, io Lacan's view, is analagous to the act of becoming a poet. In place of the rigid training of the classical Freudian analyst, Lacan suggests that only the disciple himself can say when and how he is to become qualified as a practicing analyst. Psychoanalysis is seen as a calling rather than a profession.

Shortened Hour

Lacan is concerned about maintaining the "subversiveness" of psychoanalysis, to keep it from becoming a form of soothsaying that bends or adapts people to society. One of his most talked about techniques of subversioo is the shorteniog of the 50-minute hour to a thing to between 3 and 15 minutes. Subversion, as some critics point out, never seems to involve lengthening the contact between patient and analyst.

Psychoanalysis is so popular in France now, Miss Turkle says, that there is a popular radio program devoted to "collective" treatment. It is considered chic to be analyzed and people are known to worry about whether their cases are "interesting enough to interest an interesting analyst."

Unfortunately, there are no current case histories in "Psychoanalytic Politics," and one wishes for a coocrete example of Lacanian practice. Quotations from him are tantalizing and confirm Miss Turkle's observation that Lacan appears to feel that opacity of utterance restores the distance between analyst and patient whenever it is imperiled by enthusiasm.

Americans had an opportunity to hear Lacan with their own ears when, in 1975, he appeared in New York, New Haven, Ct. and Cambridge, Mass. At the Massachusetts Institute of Technology, in answer to a question about the relation between interior and exterior, Lacan stated that he was not at all certain that man had an interior. The only evidence he could adduce for this ioterior was his excrement. He went oo to say that the characteristic of a human being is that he is encumbered with his excrement.

It is a very French metaphor, but it is a metaphor, and like much else in "Psychoanalytic Politics," it is funny and provocative, to both senses of the word. Miss Turkle's book is a brilliantly staged fashion show of French emotional and intellectual life. Or, as Lacan might say, it is a discourse close to delerium."

Anatole Broyard is a book reviewer for The New York Times.

Solution to Previous Puzzle

L	O	G	O		E	N	A	T	E		J	A	C	K
I	R	O	N		R	E	M	U	S		E	T	O	N
M	A	N	S	E	R	V	A	N	T		W	A	D	I
A	N	G	E	L		E	T	A		R	E	L	E	T
			T	E	R	R	E		S	E	L	L		
N	A	T		M	I	N	U	E	T	S		T	O	R
E	X	I	T		P	E	R	Q	U	I	S	I	T	E
R	O	M	A	N	O	V		U	N	N	A	M	E	D
O	N	E	B	A	S	E	H	I	T		P	E	R	I
D	E	S		S	T	R	I	V	E	S		S	O	D
			A	R	T	E		L	A	D	E	N		
S	A	V	O	Y		E	L	L		M	E	A	N	T
A	P	I	N		T	I	M	E	S	E	R	V	E	R
L	A	N	D		I	R	A	N	I		V	A	S	E
E	R	G	O		C	E	N	T	S		E	L	S	E

Best Sellers

The New York Times

This list is based on reports from more than 1,400 bookstores throughout the United States. Weeks on list are not necessarily consecutive.

FICTION

This Week		Last Week
1	WAR AND REMEMBRANCE, by Herman Wouk	1
2	CHESAPEAKE, by James A. Michener	2
3	FOOLS DIE, Mario Puzo	3
4	THE FAR PAVILIONS, by M.M. Kaye	4
5	SECOND GENERATION, by Howard Fast	7
6	PRELUDE TO TERROR, by Helen MacInnes	8
7	THE EMPTY COPPER SEA, by John D. MacDonald	6
8	EVERGREEN, by Belva Plain	5
9	EYE OF THE NEEDLE, by Ken Follett	9
10	ILLUSIONS, by Richard Bach	11
11	SCRUPLES, by Judith Krantz	14
12	BRIGHT FLOWS THE RIVER, by Taylor Caldwell	10
13	THE SILMARILLION, by J.R.R. Tolkien	—
14	THE WORLD ACCORDING TO GARP, by John Irving	13
15	THURSDAY THE RABBI WALKED OUT, by Harry Kemelman	—

NONFICTION

This Week		Last Week
1	MOMMIE DEAREST, by Christina Crawford	5
2	A DISTANT MIRROR, by Barbara Tuchman	2
3	AMERICAN CEASAR, by William Manchester	3
4	IF LIFE IS A BOWL OF CHERRIES-WHAT AM I DOING IN THE PITS?, by Erma Bombeck	1
5	IN SEARCH OF HISTORY, by Theodore White	6
6	THE COMPLETE BOOK OF RUNNING, by James F. Fixx	7
7	GNOMES, text by Wil Huygen, illustrated by Rien Poortvliet	4
8	PULLING YOUR OWN STRINGS, by Wayne W. Dyer	11
9	FAERIES, described and illustrated by Brian Froud and Alan Lee	15
10	JACKIE OH!, by Kitty Kelley	9
11	ROBERT KENNEDY AND HIS TIMES, by Arthur Schlesinger	17
12	A TIME FOR TRUTH, by William E. Simon	12
13	THE COUNTRY DIARY OF AN EDWARDIAN LADY, by Edith Holden	8
14	THE ANN LANDERS ENCYCLOPEDIA A TO Z, by Ann Landers	—
15	WERNER ERHARD, by William Warren Bartley	—

BRIDGE

By Alan Trusco

The diagramed deal created a most unusual bidding problem. North was surprised to hear his right-hand opponent bid one heart, but passed calmly, the standard move when the enemy bids a suit in which ynu have length and strength. He was delighted when his partner reopened with a takeout double, for a fat penalty seemed in prospect. But the dream became a nightmare when West now bid two diamonds. What could he do now?

Two hearts was a possibility, showing a desire to play in hearts in spite of the opening bid, and so was two spades, aiming to play a probable three-two fit. But he preferred a cautious pass, which was certainly oot wrong.

North was happy to hear South bid three clubs, and had another problem at this point. He had a good hand, and had done nothing but pass. The raise to five clubs was an intelligent move, and took the partnership to the best game contract.

West led the heart jack, and South played heart winners from the dummy, throwing two spades from his hand. He played the third heart winner, expecting a ruff. But East did not want to jeopardize his potential trump trick, so he parted with a spade.

South threw a diamond and then had to make a key play: he entered his hand with a trump, uncovering the bad trump break that had been suggested by the bidding and play. It was then an easy matter to surrender a diamond, ruff a diamond high in the dummy and pick up East's trumps with a finesse. The spade ace was the second and last trick for the defense.

Notice the difference that the trump lead made at the fourth trick. If South had led diamonds at once, the defense could have continued the suit, giving dummy the lead for the last time before the trump situation was clarified.

NORTH
♠762
♡AKQ653
◇2
♣1086

WEST (D)
♠AJ5
♡J10987
◇AQ966
♣—

EAST
♠984
♡42
◇K1074
♣J752

SOUTH
♠KQ103
♡—
◇J53
♣AKQ943

North and South were vulnerable.
The bidding:

West	North	East	South
1♡	Pass	Pass	Dbl.
2◇	Pass	Pass	3♣
Pass	5♣	Pass	Pass
Pass			

West led the heart jack.

هكذا من الاصل

Reds Dismiss Anderson as Manager

CINCINNATI, Nov. 28 (UPI) — The Cincinnati Reds today fired manager Sparky Anderson, who led the team to World Championships in 1975 and 1976, and replaced him with John McNamara, the former manager of the Oakland A's and San Diego Padres.

McNamara, a coach with the California Angels last season, was signed to a one-year contract.

Cincinnati's president and general manager, Dick Wagner, flew to California yesterday and met with Anderson at his home in Thousand Oaks to inform him of the decision. Anderson will be paid for the final year of his three-year contract.

"The decision we made was not a hasty one," Wagner said. "Our club won in 1975 and 1976 and by that I mean won it all. The past two years have been good ones by the standards of most clubs, but we are determined to set a higher standard.

"It is our decision that the move we have made is in the best overall interests of making the Reds a better team. Sparky Anderson served us well. I don't want to get into the specifics with regard to the move we made.

"Let's just say it's time for a change and just as in 1970, when the situation may have been the time for Anderson to take over the club, it's our feeling now the situation calls for a new approach."

Anderson said that be did not want to tell of his firing because "I had taken an oath" not to mention it until the Reds did.

"The thing about me I'm proudest of is my honor," Anderson said. "I came to the Reds with it, I want to leave with it. The game is bigger than anything else.

"It was a decision made by the front office. That's all I want to say. It's funny, I feel a little bit now like I did when I first got the Reds' job as manager, a strange tingling sensation. I have a great feeling for the players, the elnb and the organization."

Anderson said that he has no further baseball plans. "All I am going to do now is play golf," he said.

Wagner said that only two members of the six-man coaching staff — Ron Plaza and Russ Nixon — would be retained.

Wagner said that pitching coach Larry Shepard, batting coach Ted Kluszewski and coach George Scherger have been offered jobs in the Cincinnati organization and that third-base coach Alex Grammas, a close friend of Anderson's, had been fired.

Won 5 Pennants

Anderson took over the Reds in 1970 after joining the Cincinnati organization in 1968 as manager of the Class AA culb in Ashville, N.C.

He managed the Reds to National League pennants in 1970, 1972, 1973, 1975 and 1976.

The Reds defeated the Boston Red Sox in the 1975 World Series and beat the New York Yankees in a four-sweep in 1976 to become the first National League team to win back-to-back world championships in 45 years.

The Reds in 1978 finished second to Los Angeles in the National League West for the second season in a row.

Talks With Rose End

CINCINNATI, Nov. 28 (UPI) — Pete Rose's split with the Reds has become official with the hreakdown of final talks with Wagner.

Rose's agent, Reuven Katz, said: "Wagner wished Pete well and Pete wished the Cincinnati Reds well and that's the end of the negotiations with the Cincinnati Reds. It's a final decision. Now, Pete will go on and negotiate with other teams."

The 37-year-old third baseman, who has never played anywhere but Cincinnati, said he hopes to pick his new team by the time the annual winter baseball meetings begin Dec. 4.

In the recent free-agent draft, Rose was named by 12 teams interested in signing him. He has refused to name any "frontrunners" in the bidding but he has dropped some hints.

The New York Yankees and Texas do not seem too interested, he said, but "Atlanta gave me a tremendous offer," and Pittsburgh's owner, John Galbreath, has invited him to his farm to discuss a contract.

Also interested are St. Louis, Philadelphia, the New York Mets and Los Angeles.

Sparky Anderson

Sims Captures Heisman Trophy

From Wire Dispatches

NEW YORK, Nov. 28 — Billy Sims of Oklahoma, the leading rusher in college football, today was named winner of the Heisman Trophy as the outstanding player in the country. He was only the sixth junior to win the award.

In voting so elose that a recount was ordered this morning, Sims defeated Chuck Fusina, Penn State's quarterback; Rick Leach, Michigan's quarterback, and Charles White, a running back for the University of Southern California.

Sims received 151 first-place votes, 152 second-place votes and 70 third-place votes for a total of 827 points on a 3-2-1 basis.

Fusina received 163 first-place votes, 12 more than Sims, but only 89 second-place votes and 83 third-place ballots for 750 points.

Leach a Distant Third

Then came a large drop to Leach, whose totals were 89-58-52 for 435 points. White's totals were 37-74-98 for 354 points.

Sims completed Oklahoma's regular season with 1,762 yards on 231 carries for an average of 7.6 yards a carry. He also led the nation in scoring with 20 touchdowns.

The 6-foot, 205-pound wishbone tailback was hothered by injuries until this year, when, among other accomplishments, be tied an NCAA record with three consecutive games in whieb he ran for more than 200 yards. His best was 231, against Iowa State, and was followed by 202 against Kansas State and 221 against Colorado. He finished the regular season with 209 against Oklahoma State.

"Thank you, I appreciate it," Sims said when he was informed by telephone that be was the Heisman winner. Then be added, "My beart stopped beating."

Good Long Thrower

Fusina, a senior quarterback, was regarded as an excellent field leader on the first Penn State team to be named No. 1 in the nation at any time in a season. His career totals were 359 completions on 645 passes for 5,275 yards and 37 touchdowns. He started 30 games (including 2 bowls), of which Penn State won 27 and lost 3. Although erratic at times, he was rated probably the best long passer in the nation.

Rounding out the top 10 Heisman finishers were Charles Alexander, a Louisiana State running back, with 282 points; Ted Brown, a North Carolina State running back, and Steve Fuller, Clemson's quarterback, tied for sixth with 82 points, Eddie Lee Ivery, a Georgia Tech running back, with 81 points, Jack Thompson, Washington State's quarterback, with 72 and Jerry Robinson, a UCLA linebacker, with 70.

Sims' 77-point margin over Fusina approached the vote in 1956 when Notre Dame's Paul Hornung edged Tennessee's Johnny Majors by 72 points. Fusina carried three of the six sections into which Heisman voting is divided.

Sims Takes Two

Although the actual sectional voting was not announced, Fusina won in the Northeast, mid-Atlantie and South regions while Sims carried the Southwest and Far West and Leach took the Midwest.

Sims became the sixth junior to win the Heisman in the award's 44-year history. The others were Doc Blanchard of Army in 1945, Doak Walker of Southern Methodist, 1948; Vic Janowicz of Ohio State, 1950; Roger Staubach of Navy, 1963, and Archie Griffin of Ohio State in 1974. Griffin repeated in 1975, to become the only two-time Heisman winner.

The Soccer Scene

Shy and Proud, Anderson Gets His Chance

By Rob Hughes

LONDON, Nov. 28 (IHT) — The nice young man is so shy, so genuinely modest, he seemed to melt away from the film crews and newsmen pestering him this past month. Yet he cannot run, cannot shirk the responsibility to history; nor does he seek to.

Tomorrow night, when the talking finally stops and the playing begins, Viv Anderson will become the first black player to represent England at full international level.

Pele has come and gone in Brazil; Eusebio, the black pearl of Portugal, is a marvellous receding memory; Marius Tresor of France is arguably the outstanding defender in the world today. All black, all great sportsmen, all proud.

Yet, so parochial is England, so undeveloped her attitude toward integrating her one million colored citizens, that Anderson's debnt against Czechoslovokia at Wembley Stadium has true social and historical significance.

106-Year Wait

When he pulls on the No. 2 shirt in England colors he will be the first black man so honored in 106 years; it was on Nov. 30, 1872, that England played ber first international.

Born in Nottingham 22 years ago, two years after his parents arrived from Jamaica, Anderson stands 5 feet, 11 inches and weighs 144 pounds. Yet, such is the range of his long tapered legs that teammates refer to him as "spider," or "the extension."

Lately that loping stride has carried him into positions to strike superbly-timed opportunist goals, crucial scores in Nottingham Forest's success in Britain and Europe. Speed and shooting power, Anderson admits, have always been there, from days kicking a tennis ball in Nottingham backstreets through schoolboy years as a 30-goals-a season center-forward.

However, Manchester United, his first love, passed him by and Anderson began a printing apprenticeship before Forest discovered the defender in him.

It is as a defender who relished attack down the right flank that he will he examined tomorrow. Marian Masny, the swift and elusive Czech, could make that test severe — if Masny switches wings to probe Anderson's resilience, if Masny appreciates that Anderson is as fair in the tackle as he is polite in word, and if Masny turns on some of the derring-do that Czechoslovaks hide so timidly on foreign soil.

Model Player

Anderson's club sees him as the ideal example to set before future generations, and the player's homor reveals best bow he coped with opponents and crowds who attempt to undermine the emerging reality of black power in soccer.

Have opponents tried to upset his concentration with comments about color?

"They have, yes."

Does this worry him?

"It doesn't, no."

How does he react?

"I've had a few laughs, like when we played Bristol City and Joe Royle told the referee I was picking on him because he was white."

Anderson's sudden smile unveiled a taste for humor to relieve the encroaching line of racist questioning.

"You know," he continued, "I've got this thing about Johnson's Baby Powder. I use it after a match and the manager comes up and says: 'It'll not change yer, you know. You'll still be the same color.' I just say I don't *want* to change."

Dignified Response

Yet there are those at Forest who recall a time he became so upset by crowd barricking at Carlisle he turned to gesture angrily. And he says himself that he will always be grateful that his manager, Brian Clough, took him aside and warned him that the one way to silence abuse was to show his ability.

It bas been Anderson's dignified response that has earned the honor of history. He is, or may soon develop into, the best attacking right back in the country, and where good right backs are at a premium, Anderson is a natrual choice.

Having campaigned for the introduction of the gifted colored player in Britisb soccer for four years, I harbor one slight regret — and it has nothing whatever to do with Anderson's right to selection.

My sympathy goes to Laurie Cunningham. He was due to play for the England B side in Prague tonight. Yet, in the short, sbort time that black players have made their impact here, Cunningham has been the pioneer, the youngster many of us kept promising would be the first to play for his country.

Unforgettable Debut

He almost made it; he was the first black player to be sold for £100,000, the first to play for England at under 21 and, just a week ago, a goalscorer for West Bronwich Albion in Valencia, where his performance dwarfed that of Mario Kempes, the outstanding player of the Argentine World Cup.

Laurie Cunningham, I believe, possesses about the best pound-for-pound skill in English soccer. From his unforgetable televised debut as a 17-year-old tormenting experienced players, from watching him train alone with a soccer ball — a thrilling sight in itself, a sideshow of ball control and hypnotic craft — I bave been convinced of Cunningham's right to the ultimate honor.

He bas a rhythm and an inventiveness which refuses to surrender even when opposing managers order players to intimidate him pbysically. He, more than any, took on the majority of managers who, as brief a time as four years ago, believed blacks were cowards, and be wrung applause from crowds that set out to viciously taunt him.

Recently, persuaded by West Bromwich to watch Cunningham, England manager Ron Greenwood immediately put the 22-year-old into his B squad. But why the second-best team?

Greenwood, a pioneer of colored players at club level, is too gentle, possibly too secretive a man, to speak the doubts he may have about Cunningham's temperment, though be says Anderson's "bit of history could not fall on a nicer or more capable pair of shoulders."

Look into Cunningham's past and you see a youngster so conscious of color he bought American black power magazines; he harbored a chip that one big London club kicked him out and others didn't want him, and a year ago be sulked wben he believed a Finnish nightclub barred him because of his skin.

Last year, too, his form faltered and gossips suggested his nightlife was ruining his ambition. This year his brilliant consistency put those gossips on the run.

England has chosen a good time to realize ber obligation to players young, gifted and black. Perhaps, however, she might more fairly have shared the load of history between Anderson, likeable opportunist, and Cunningham, who paved the way.

United Press International

Viv Anderson (left) trains for match against Czechoslovakia.

Australia Pulls Turnbull In Federation Cup Match

MELBOURNE, Nov. 28 (UPI) — Non-playing captain Neale Fraser sbocked Australian fans by dumping the No. 1 player, Wendy Turnbull, from tomorrow's second round elash with Japan in the Federation Cup tennis championships.

Turnbull today swamped Monique Van Haver, 6-1, 6-1, as Australia beat Belgium, 3-0. Fraser said be would replace Turnbull with Kerry Reid.

"I like to keep the opposition guessing," Fraser told newsmen. "I think I know who the United States will send in [to the final on Sunday] but they don't have the slightest idea of what the Aussie team will be."

In other first round matches today: West Germany beat Brazil, 3-0, Yugoslavia defeated Norway, 3-0, France defeated Sweden, 2-1, and the Netherlands swept through Mexico, 3-0. Other 3-0 victories went to Japan over Israel, Chile over Uruguay, Czechoslovakia over Portugal and Switzerland over Ireland. Romania struggled to a 2-1 win over Italy.

Britain's chances in the tournament received a major setback when torn muscles forced Sue Barker out of tomorrow's second-round match against West Germany. Michelle Tyler will make her Federation Cup singles debut as Barker's replacement.

Other matches tomorrow were to include the Soviet Union against Yugoslavia and the United States against New Zealand.

Transactions

BASEBALL
American League

BALTIMORE ORIOLES—Acquired John Lowenstein, outfielder, on waivers from the Texas Rangers.

TORONTO BLUE JAYS—Traded Alan Ashby, catcher, to Houston Astros in exchange for Mark Lemongello, pitcher; Joe Cannon, outfielder, and Pedro Hernandez, shortstop. Sent Sam Ewing, outfielder, to Syracuse of the International League.

FOOTBALL
National Football League

ATLANTA FALCONS—Placed Warren Bryant, offensive tackle, on the injured reserve list.

DETROIT LIONS—Placed Jesse Thompson, wide receiver, on the injured reserve list. Signed Tony Leonard, defensive back.

HOCKEY
National Hockey League

ST. LOUIS BLUES—Recalled Bob Murdoch, right wing, from Salt Lake City of the Central Hockey League. Sent Mike Crombeen, right wing, to Salt Lake.

COLLEGE

DUKE—Fired Mike McGee, head football coach. Named Shirley "Red" Wilson, head football coach.

IOWA—Fired Bob Commings, head football coach.

Italian Woman Captures Slalom

STELVIO PASS, Italy, Nov. 28 (UPI) — Italisn skier Maria Rosa Quario, 19, scored an upset win today in the season's first World Series women's slalom as Italians swept four of the top five placings.

Claudia Giordani was second and Switzerland's Brigitte Glur was third. Next were Italians Wilma Gatta and Daniela Zini.

Austrian stars Anne Marie Moser-Proell and Lea Soelkner fell during their runs.

NBA Leaders

Scoring

	G	FG	FT	Pts	Avg
Gervin, SA	20	234	117	585	29.3
Free, SD	25	254	166	674	27.0
Westphal, Phoe	22	242	87	571	26.0
M.Johnson, Mi	24	258	102	618	25.8
Lanier, Det	17	169	99	437	25.7
Robinson, NO	22	216	132	564	25.6
Erving, Phil	17	168	96	432	25.4
Gilmore, Chi	21	212	104	528	25.1
Davis, Phoe	22	211	124	546	24.8
Kenon, SA	20	201	91	493	24.7

Rebounding

	G	Off	Def	Tot	Avg
Malone, Hou	18	122	173	295	16.4
Robinson, NO	22	77	220	297	13.5
Webster, NY	20	64	191	255	12.8
Abdl-Jbbr, LA	21	44	223	267	12.7
Gilmore, Chi	21	76	177	253	12.0

Assists

	G	No.	Avg
Lucas, GS	21	221	10.5
Porter, Det	20	206	10.3
Ford, KC	19	179	9.4
Nixon, LA	21	176	8.4
Barry, Hou	17	135	7.9

WHA Accord Paves Way for Europe Series

EDMONTON, Alberta, Nov. 28 (AP) — The World Hockey Associated averted the possible cancellation of its 18-game international series with several European teams set for next month by settling a dispute with amateur hockey organizations.

The dispute over the league's signing of underage junior players apparently had been settled last week, but the Canadian Major Junior Hockey League claimed that the WHA had violated that agreement.

A snag seemed to develop when the Albertan newspaper reported that the WHA violated the agreement by adding another condition. But the league and the amateur organizations of Canada later confirmed the accord.

The series needs the sanction of the International Ice Hockey Federation. The WHA could not get that sanction without the approval of the CMJHL and the Canadian Amateur Hockey Association.

Bradshaw Passes for 3 Touchdowns

Steelers Hand 49ers 12th Loss

SAN FRANCISCO, Nov. 28 (AP) — Quarterbaek Terry Bradshaw threw three touchdown passes last night, two to Lynn Swann in the second-quarter, in leading the Pittsburgh Steelers to a 24-7 victory over the San Francisco 49ers.

The Steelers improved their record to 11-2, the best in the National Foothall League, while snapping out of a two-week offensive slump and sending the 49ers, 1-12, to their eighth consecutive defeat.

The victory boosted Pittsburgh's lead to two games over Houston in the Central Division of the American Football Conference.

Roy Gerela kicked a 42-yard field goal for Pittsburgh in the first quarter, hut the 49ers' Ray Wersching missed a 30-yard attempt after safety Chuck Crist intercepted a Bradshaw pass and made a 25-yard return to the Pittsburgh 41.

It was the eighth interception of Bradshaw in the last three games, but he completed nine of his next 11 passes for 137 yards on second-period touchdown drives. Swann, the wide receiver, who had oo receptions in last week's 7-6 victory over Cincinnati, caught five passes for 88 yards in the two drives and caught touchdown passes covering 22 and 25 yards.

League Leaders

Bradshaw took the NFL lead in toucbdown passes this year with 22 when he hit John Stallworth with an 11-yarder in the fourth quarter. Swann leads NFL receivers with 11 scoring receptions.

Pittsburgh's defense, which has allowed only two touchdowns the last three games, yielded to the 49ers only after running baek Rocky Bleier fumhled on a bad handoff in the third period. San Francisco's Paul Hofer ran 2 yards to score on a fourth-down play.

A moment of silence was observed before the game for San Francisco Mayor George Moscone and a city supervisor, Harvey Milk, who were assassinated at City Hall yesterday morning. The city's Park and Recreation Commission, which operates Candlestiek Park, requested that the game he postponed, but the NFL office answered that it was too late to consider such action.

The 49ers' best offensive drive came late in the second period when they went from their 35-yard line to Pittsburgh's 14 with a pass from Scott Bull to tight end Paul Seal, picking up 17 yards.

But the Steelers' Jack Ham killed the threat with the 25th interception of his career — the most by an active NFL linebacker.

Early in the final quarter, Ham got interception No. 26 as Bull threw from the Steelers' 34.

Harris Leaves Game

Pittsburgh running back Franco Harris rushed for 61 yards in the first balf, including 23 on the drive that led to Gerela's field goal. But he pinched a nerve in his shoulder and did not play in the second half.

Two 49er starters, tight end Ken MacAfee and defensive end Cedrie Hardman, also left the game because of injuries.

The Steelers' first touchdown drive covered 80 yards, officially, but Pittsburgh took one 10-yard holding penalty and Bradshaw totaled 81 yards passing on the drive.

Swann caught his first touchdown pass in the end zone behind defender Vern Roberson. On the second touchdown catch, which ended a 66-yard surge, Swann beat the double coverage of Roberson and safety Bob Jury to eatch the hall at the goal line.

Swann's eight catches in the game, good for 134 yards, gave him 57 for the season and tied him with Seattle's Steve Largent for the AFC lead.

Pittsburgh's defense has given up the fewest points of any NFL team, 162. The Steelers held the 49ers to 67 net yards rushing and 74 passing — a total of 141 compared to the 380 run up by Bradshaw and company.

NHL Leaders

	G	A	Pts
Chouinard, Atl	15	21	36
MacMillan, Atl	13	23	36
Dionne, LA	17	18	35
Lafleur, Mon	11	20	31
Federko, StL	10	20	30
Potvin, NYI	10	19	29
McDonald, Tor	11	17	28
Lysiak, Atl	12	15	27
Bobych, StL	10	17	27
McNab, Bos	14	12	26
Barber, Phil	12	14	26
Taylor, LA	10	16	26

WHA Leaders

	GP	G	A	PTS
Florek, Cin.	22	10	30	40
Cloutier, Que.	21	19	16	35
MarkHowe, N.E.	19	16	18	34
Nilsson, Wpg.	21	9	22	31
Lacroix, N.E.	21	9	20	29
Tardif, Que.	21	15	13	28
Bernier, Que.	20	14	12	26
Sullivan, Wpg.	21	13	13	26
Marsh, Cin.	22	15	9	24
Lukowich, Wpg.	21	13	11	24
Dudley, Cin.	22	9	15	24

Football Polls

NEW YORK, Nov. 28 (UPI) — The United Press International Board of Coaches' top 20 college football ratings, with first-place votes and won-lost records in parentheses:

Team	Points
1. Penn St. (30) (11-0)	505
2. Alabama (10-1)	448
3. So. Calif. (3) (10-1)	445
4. Oklahoma (10-1)	414
5. Michigan (1) (10-1)	379
6. Nebraska (9-2)	323
7. Clemson (10-1)	289
8. Georgia (9-1-1)	221
9. Notre Dame (8-3)	197
10. Arkansas (8-2)	196
11. Houston (8-2)	194
12. Maryland (9-2)	90
13. Pittsburgh (8-3)	51
14. Purdue (8-2-1)	48
15. UCLA (8-3)	47
16. Missouri (7-4)	40
17. Texas (7-3)	36
18. LSU (7-3)	30
19. Stanford (7-4)	14
20. Ohio St. (7-3-1)	13

Note: By agreement with the American Football Coaches Association, teams on probation by the NCAA are ineligible for top 20 and national championship consideration by the UPI Board of Coaches. Those teams on probation are: Michigan State, Oklahoma State and Grambling.

NEW YORK, Nov. 28 (AP) — The top 20 teams in The Associated Press college football poll, with first-place votes in parentheses, season records and total points. Points based on 20-19-18-17-16-15-14-13-12-11-10-9-8-7-6-5-4-3-2-1:

1.Penn State (52)	11-0-0	1,256
2.Alabama (2)	9-1-0	1,173
3.Southern Cal (7)	10-1-0	1,145
4.Oklahoma (3)	10-1-0	1,133
5.Michigan	10-1-0	1,028
6.Nebraska	9-2-0	940
7.Clemson	10-1-0	864
8.Arkansas	8-2-0	722
9.Houston	8-2-0	698
10.Notre Dame	8-3-0	609
11.Georgia	8-1-1	658
12.Michigan State	8-3-0	548
13.Maryland	9-2-0	519
14.Texas	7-3-0	396
15.UCLA	8-3-0	367
16.Pittsburgh	8-3-0	310
17.Purdue	8-2-1	297
18.Missouri	7-4-0	200
19.Iowa State	8-3-0	98
20.Ohio State	7-3-1	96

NFL Standings

AMERICAN CONFERENCE

	W	L	T	Pct.	PF	PA
East						
New England	10	3	0	.769	319	222
Miami	8	5	0	.615	310	245
N.Y. Jets	7	5	0	.538	294	281
Baltimore	5	8	0	.385	196	341
Buffalo	4	9	0	.308	247	300
Central						
Pittsburgh	11	2	0	.846	287	162
Houston	9	4	0	.692	239	228
Cleveland	7	6	0	.538	257	227
Cincinnati	1	12	0	.077	147	242
West						
Oakland	8	5	0	.615	272	219
Denver	8	5	0	.615	220	168
Seattle	7	5	0	.538	265	278
San Diego	6	7	0	.462	233	268
Kansas City	2	10	0	.231	207	270

NATIONAL CONFERENCE

	W	L	T	Pct.	PF	PA
East						
Dallas	9	4	0	.692	306	178
Washington	8	5	0	.615	246	233
Philadelphia	8	5	0	.615	210	188
N.Y. Giants	5	8	0	.385	227	258
St. Louis	4	9	0	.308	185	244
Central						
Minnesota	7	5	1	.577	232	207
Green Bay	7	5	1	.577	218	217
Tampa Bay	5	8	0	.385	221	219
Detroit	5	8	0	.385	198	251
Chicago	5	8	0	.385	218	224
West						
Los Angeles	10	3	0	.769	246	194
Atlanta	8	5	0	.615	192	194
New Orleans	5	8	0	.385	228	258
San Francisco	1	12	0	.077	186	290

Monday's Game
Pittsburgh 24, San Francisco 7

Sunday's Games
Atlanta at Cincinnati
Baltimore at New York Jets
Green Bay at Tampa Bay
Los Angeles at New York Giants
Miami at Washington
Philadelphia at Minnesota
Buffalo at Kansas City
San Francisco at New Orleans
Detroit at St.Louis
New England at Dallas
Pittsburgh at Houston
Cleveland at Seattle
Denver at Oakland

Monday, Dec. 4
Chicago at San Diego

Rams Suspend Robertson

LOS ANGELES, Nov. 28 (AP) — The Los Angeles Rams have suspended linebacker Isiah Robertson without pay for two weeks for "conduct detrimental to the football team," according to Coach Ray Malavasi, who would not elaborate.

Power-Skating Mentor Lifts the Flames

NEW YORK, Nov. 28 (AP) — The Atlanta Flames have found their skating legs thanks to power-skating instructor Laura Stamm. And, by no small coincidence, they also have found success.

Stamm, a resident of Eastehester, N.Y., who has written a book on power skating, began her association with the Flames through the efforts of two players — Harold Phillipoff and Greg Fox. They spent some time learning power skating during their off-season in 1977 at the Okanagan Hockey School in Penticton, Britisb Columbia, where she conducts seminars for professionals.

"Both Harold and Greg went back to Atlanta raving about how the skating lessons had helped them," Stamm said. "That's how the Flames knew of me."

David Poile, the Flames' assistant general manager, invited her to work with the entire team in Atlanta. General Manager Cliff Fletcher and Coach Fred Creighton decided she would hold the optional power-skating lessons the week before training camp began. It was not long before sbe recognized the flaws of the Atlanta skaters.

"The errors were different with each player," Stamm said. "For example, Dave Shand — a beautiful skater — just floats on the ice. But he doesn't use his skate edges. Guy Chouinard uses his edges but he doesn't get his legs out to a full extension, whieh is going to eut back oo his power. Willi Plett's right leg pushes well but his left ooe tends to push back and to the side too far rather than outward."

Have ber observations helped?

First Group Session

"I owe her a lot," said Phillipoff, who who is expected to he out of action for at least five weeks after spraining a knee ligament in the Flames' 4-2 loss to the Boston Bruins Sunday night. "Thanks to her I feel I'm an ahove-average skater. I can cut corners, turn sharper, skate faster, do everything better. Laura was one of the main reasons I was able to make the Flames team last year."

Her efforts — and the Flames' efforts — have been amply rewarded. The team put together an unbeaten string of 12 games at the start of the season, two short of the NHL record, and the club currently has the best record in the league.

"I'd like to think I've helped, but I'm not sure," Stamm said. "At least I know I didn't hurt them."

Though Stamm already had worked with several NHL skaters individually, this was her first NHL group session. She was not used to working with the giants of Atlanta, the tallest team in the NHL.

"The big guys always tell me it's hard for them to get off to a good start," she said, adding that most hockey players take their skating for granted. "The other thing I find with a big man is that it becomes a tendency in their youth to let their legs get lazy because they can rely on the faet that they're bigger and might get there faster than some of the smaller players."

The Flames are getting there faster and more often lately because they no longer take their skating — or Laura Stamm — for granted.

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Observer

Carter Splits Hairs — And Personality

By Russell Baker

NEW YORK — President Carter comes in for his weekly consultation. It is an interesting case. He believes he is turning into Gerald Ford.

One tries to reassure him. "But Gerald Ford is a bald man, and you are a hairy man."

Or, "But Gerald Ford had a Henry Kissinger, and you are your own Henry Kissinger."

Baker

"That's what my wife Betty keeps telling me," he says.

"Rosalynn?"

"What kind of question is that?"

"Your wife, Rosalynn — she keeps telling you that Gerald Ford is a bald man, while you are a hairy man?"

He becomes impatient. It is not a question of hair, but of politics. He has developed Gerald Ford's passion for high interest rates. Lately he finds himself getting out of bed in the dead of night, sneaking down to the refrigerator and raising the interest rate on everything in it.

"Have you considered making yourself a salami sandwich and having a nice glass of tea, instead? There's nothing like gastric distress at midnight for taking the mind off interest rates."

He becomes combative. "If Gerald Ford likes high interest rates, and I like high interest rates, what's the difference between us?"

"You are a hairy man, and Gerald Ford is a smooth man."

"Oh yeah? Then how come I want higher unemployment? In the old days I didn't want higher unemployment. That's what Ford wanted. Now I want the same thing."

One points out that Ford does not have a brother named Billy, who is a beery man. "What's more, you can't be Gerald Ford because you haven't pardoned President Nixon, have you?"

This evidence brings a glow to his face. "You bet I haven't, and I never will, not as long as my name is Jerry Carter."

A subtle correction seems called for here. "Jimmy, I want to ask you something."

"My friends call me Jerry."

"No. Your friends call you Jimmy and President Ford's friends call him Jerry. This is because you are a hairy man, and he is a smooth man."

He is not assured. "If I'm not Gerald Ford, how come I'm trying to send the country into a recession?"

One points out that if he were Ford he would not have a mother named Miz Lillian. He would not have a Georgia accent. He would not have dazzling teeth. He would not be a hairy man.

He pays no attention. His mind is obsessed with the boredom of politics. If he is not Ford, why is he cutting the budget for human needs while planning to splurge more money at the Pentagon?

One tires of these political questions. As he rambles on about the evils of inflation, the mind grapples with more interesting problems. For example, how to break the news to him that the fee for his weekly consultation will be increased by $20 next week, due to the rising cost of everything.

"We have got to whip inflation now, and if I'm not Gerald Ford, why do I say things like that?"

This can be serious. If he really means it, he may establish price controls, which would make it hard to squeeze him for the additional $20. It is time for a delicate probe. "You are not, by any chance, thinking of invoking price controls?"

"Of course not," he says. "Didn't I tell you I'm Jerry Ford?"

What a relief. Inflation as usual. "No, Mr. President. Gerald Ford is a smooth man and you are a hairy man."

His time is almost up, but he desperately craves reassurance. "Smooth or hairy, it doesn't matter," he says. "I'm turning into a Republican."

"Time's up, Mr. President." He goes out feeling his head to make sure it is still hairy. Turning into a Republican! He seems to think there's something odd about it. How out of touch can a president get? Doesn't he know the entire Democratic Party went Republican six months ago?

The Forsyth File

By Jane M. Friedman

ENISKERRY, Ireland (IHT) — Five years ago, Frederick Forsyth, the author of the bestsellers "The Day of the Jackal" and "The Odessa File," announced after the publication of his third book, "The Dogs of War," that he was retiring from the trade.

Today Forsyth, who made about $2 million from those books and is comfortably ensconced in a 23-room Georgian mansion south of Dublin, is eating those words and churning out others. At 40, he is working on his fourth novel, due out in Great Britain next fall.

Although he refuses to discuss details of plot, reports in the book trade indicate the book, titled "The Devil's Alternative," is set in 1982, with a massive crop failure in the Soviet Union and a U.S. salvage effort. Events lead up to a third world war.

The book was offered to publishers at the Frankfurt book fair recently on the basis of an outline. French publisher Albin Michel bought the rights for a reported $75,000, a large sum in France. British reporters have speculated that Viking Press, the U.S. publisher, paid more than $1 million for rights there.

"I had this idea," Forsyth said recently, wearing blue jeans and sipping coffee in his study here. "I showed it to my wife, and she said, 'Great.' I thought it was a pity to lose it."

December Deadline

After five months' research in the Soviet Union, the United States, West Germany, the Netherlands and Scandinavia, Forsyth has begun to write — hoping to meet a Dec. 31 deadline.

"As I don't like writing," he said in his study, overlooking the hills that are part of his 25-acre estate, "I have to say to myself, 'You're going to sit down at 9 a.m. every day and write a page ration.' The actual act of writing is very boring. It makes your fingers ache, your shoulderblades ache. There are a thousand things I'd prefer to be doing."

Forsyth was born in Ashford, England, in 1938. He hated school and, at age 17, left it to join the Royal Air Force. Afterwards, he became a journalist and eventually a foreign correspondent for Reuters and later the BBC. He quit the latter in a dispute over its Biafra coverage, and went to Biafra for two years as a free-lance.

Zilch

Back in London, says Forsyth, "I was a journalist doing zilch and likely to do little more than zilch for the rest of my career. So I thought I'd try my hand at novel writing."

"The Day of the Jackal," Mr. Forsyth's novel about an attempt to assassinate French President Charles de Gaulle, was an instant success, leading to a contract for two more. After the third, Mr. Forsyth, by then a millionaire, moved to Ireland partly to avoid British income taxes (Ireland does not tax writers on current earned income).

Forsyth's life today is a "long haul from Paris," where he was a Reuters correspondent in the 1960s. Most of the places he knew are "either holes in the ground or skyscrapers;" his contacts are either "dead or scattered."

Forsyth married a British model five years ago. They have a year-old son, Frederick Stuart Forsyth. When not writing, Forsyth spends his days seeding or mowing the lawn, building a sheep fence to contain his two dozen sheep, or fetching groceries from the nearby town of Bray.

Controversy

Despite the isolation, Forsyth became embroiled in real-world controversy recently as a result of his earlier books. In April, an investigative team from the London Sunday Times accused him of having financed an attempted coup d'etat in Equatorial Guinea; the paper said that "The Dogs of War" was a thinly disguised account of the operation in 1972-73.

When the story came out Forsyth refused to comment. In an interview here, Forsyth said he got the details for his novel "the way I get details for all the books. I was very close to and observed the men who were experts in those areas and techniques."

Jane M. Friedman

Frederick Forsyth
". . . writing is very boring."

He said he researched the book in Europe, the Ivory coast and the Cameroons. He admits that he had observed the makings of a coup, but refuses to add details.

Forsyth says he found the brouhaha over the allegations "hilarious — because I know what really happened."

"The Dogs of War" also brought accusations that Forsyth had sympathy for mercenaries. In the book, the mercenaries turn out to be the good guys — they establish a benevolent government.

"I don't have any affinity for mercenaries," says Forsyth coldly. "They're just more interesting than most blokes, than streetsweepers or bartenders."

Forsyth says he dislikes generalizations about mercenaries — asserting that they had not killed more than "40,000 people on the entire African continent," whereas Western European and African dictators had killed millions.

'Hypocrisy'

"That's not an affinity with mercenaries though," he insists. "It's a rejection of the hypocrisy of respectable society with its setpiece attitudes that can justify killing a million children by starvation in Biafra but can object vociferously to four or five mercenaries."

Forsyth has strong words for what he claims was the French government's involvement in the coup d'etat in the Comoros Islands last May. Robert Denard, a Belgian mercenary, and a band of 50 others toppled Marxist leader Ali Solih and established a pro-Western government on the islands off Madagascar. Denard was thrown out later by the new rulers and is now reportedly back in France.

"That coup was a carbon copy of my story," Forsyth maintains, "except that it had governmental backing — French."

Forsyth says that his "sources in the world of mercenaries" told him the band sailed from the French port of Rennes on a trawler. Their arms were allegedly purchased in France with the knowledge of the French counterintelligence service.

A spokesman for the French foreign ministry denies the charges, saying that the French government had not in any way endorsed the coup d'etat in the Comores.

Incompetent

The mercenaries, says Forsyth, were recruited "in the back streets of Paris," and were incompetent. The first night after they rounded the Cape of Good Hope, Forsyth says, "they missed the island. They couldn't find it. They waited a full day offshore. By the grace of God, nobody saw them. They were buzzing around like knitting needles."

Forsyth's cynical attitude toward power seems linked to an unabashed pursuit of self-interest.

"I'm a writer with the intent of selling lots of copies and making money. I don't think my work will ever be regarded as great literature or classics. I'm just a commercial writer and I have no illusions about it."

PEOPLE: Connie Francis Back After 4-Year Absence

For singer **Connie Francis**, the applause may never be quite the same. It's been four years since she was raped by an intruder who broke into her Long Island motel room. She hasn't performed publicly since then, despite an onrush of resulting publicity. This week the 38-year-old entertainer is to appear on her friend **Dick Clark's** "Wednesday Live" television show. The songstress who popularized such hits as "Where The Boys Are," "Lipstick On Your Collar," and "Who's Sorry Now?" has had comeback offers before, but "I didn't want to do anything," she says. "I was really paranoid. And frightened. And very angry." And "we received so many offers to do programs. That was a terrible feeling. No one was calling to do a special with me before that." Those feelings have faded, she says. "There will be people who will come to see my show [because of the rape]," she acknowledges. "But I don't like to dwell on personal problems. I really don't feel sorry for myself and I don't want others to feel sorry for me."

Connie Francis

* * *

The voice of **Judy Garland** echoed through a Beverly Hills, Calif., hotel ballroom Monday at an auction of the late superstar's possessions. Potential buyers saw film clips of Miss Garland singing some of her most famous numbers, including "You Made Me Love You," "Rockabye Your Baby" and "Somewhere Over the Rainbow." But a total of only 550 people turned out — far below expectations — and many Hollywood stars who had made reservations never showed. Bidding was slow and unspectacular (among the few highlights: a six-piece sterling tea set at $3,750 and a 69-piece flatware set at $4,000). **Sid Luft**, Miss Garland's husband and the arranger of the sale, appeared undisturbed by a lawsuit filed last week by attorneys for Miss Garland's daughter, singer **Liza Minnelli**. The suit sought to prevent the auction or to have any resulting funds placed in the Garland estate, but a judge refused to issue an injunction. However, there will be a hearing in Santa Monica superior court Friday, when attorneys for Luft are to show why auction proceeds should not be placed in the estate. Luft said he saw Miss Minelli in New York just before she left on a European tour, "and she never mentioned a word about a lawsuit. . ." He added: "Judy would have loved the production, the hooplah and the people," he said. "That's what she lived for."

* * *

In Miami Beach, following a concert Sunday night, the world's foremost cellist related another chapter in what could be called "The Americanization of **Mstislav Rostropovich**." Said the 51-year-old Russian: "I have to tell you that I love America very much. I sit in my Watergate apartment in Washington the other day and the telephone rings and it is **Jimmy Carter**. We had a very nice and interesting talk. Now America is my second 'patrie.' Even my daughter **Olga** has become an American. She called me from New York and said, 'Papa, I'm depressed.' I ask why. She says, 'Because the weather is bad.' Well, if at her age she can be depressed over bad weather, that means she must be an American. In Russia young people get depressed over many things, but never about the weather."

* * *

Willy Brandt, chairman of West Germany's Social Democratic Party, will be kept in a hospital until sometime next month, and then will begin a convalescence/vacation of several weeks, says a party spokesman. Brandt was hospitalized Nov. 16 with what was thought to be a bad cold; doctors have since diagnosed it as a vascular insufficiency. Because of the long recuperation, the 65th birthday party the Social Democrats had planned to hold for Brandt Dec. 18 has been postponed. About 13,000 party members had been invited.

—SAMUEL JUSTICE

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